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EC, Internal Rifts Smoothed, Faces Even Stiffer Tests **Turmoil Outside Its Borders**

Poses Gravest of Challenges

By Tom Redburn FDINBURGH — By patching up its most troublesome family quarrels, the European Community emerged from the long-awaited summit showdown more or less in-

Denmark won the exemptions from the Maastricht agreement that it demanded as the precondition to allow Copenhagen to ask Danish voters to reconsider their rejection in June of the Treaty on European Union.

The Community, after a bitter argument between Spain and Britain that was not settled until practically the 11th hour, also cut a deal on a seven-year budget pact that will provide substantially more money for the four poorest members — Spain, Portugal, Greece and Ireland. The cash compromise opened the door to begin negotia-

The highlights of the meeting in Edinburgh, Page 6.

join economic group. Page 6.

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tions early next year with the Community's rich country consins — Austria, Sweden, Finland, and - that want to join the

Prime Minister John Major of Britain, speaking at a Saturday midnight news conference after the summit meeting ended, said, "This shows that there is still a family spirit in the Community."

But after the draining internal fends over Maastricht and money that have preoccupied the Twelve all year long, the Community now must turn its attention to the much more difficult external problems

just cutside the door. The 12 members of the EC are still riven by conflicts over how to deal with the United States over farm subsidies and free trade. They fear economic breakdown in many ions of the former Soviet empire they remain largely impotent in the face of the deadly war in the Bal-kans that has left hundreds of thousands of impoverished refugees clamoring at the Community's

With Europe burning, the fon-dest hope expressed by EC leaders at the Edinburgh meeting was that

By Carl Gewirtz

PARIS — Something's got to give in the European Monetary

System: Either German interest

rates come down very fast, which

seems unlikely, or the French come

up with a radical solution to the

France, no doubt followed by Den-

mark, will temporarily withdraw from the system, although some Paris-based analysts disagree. Paris

might even be able to do it, one expert says, without the accompa-

nying devaluation other countries have had to accept.

thought is that the Germans will

come up with an inflation-restrain-ing package that would allow rate

cuis fast enough to avert a new

bout of currency turmoil, which will become full-blown at the start

of the year when the normal players

in the foreign exchange market re-

In the absence of many market

operators, central banks last week

managed to support the franc, the Danish krone and the Irish punt

despite a degree of pressure on

villages, officials said Sunday.

The miraculous school of

The talk in the market is that

impending crisis in the system.

Could Paris Create

A Currency Miracle?

the Community may finally be ready to stop fiddling. "The Edinburgh Council will be remembered," Mr. Major said, "as the council that brought the Community back together.
"I think we can now send a mes-

sage of hope for recovery right across Europe," he said. "We can also now look outwards, not just to Eastern Europe, but to Somalia and right across the world."

For the moment, however, that sentiment is more rhetoric than re-

unity leaders, for exam ple, issued a strongly worded statement condemning "the systematic detention and rape of Muslim women" in Bosnia-Herzegovina and blaming primarily "the present leadership of Serbia and of the Bosnia Serbs" for destroying what was once Yugoslavia. But they recommended no new actions on the part of the Community and, although offering 50 million Ecus (\$62 million) of aid to the former Yugoslav republic of Macedonia, flinched in the face of adamant Greek opposi-tion to recognition of the breakaway republic

Meanwhile, the Community's much-vaunted "economic growth initiative," supposedly designed to help kick start the faltering European economy, is clearly inade-quate, officials acknowledged.

Henning Christophersen, the EC commissioner for economic affairs, predicted that economic growth in the 12 EC countries would be barely more than 1 percent in 1993, pushing Community-wide unemployment, now under 10 percent, to at least 11 percent.

By the end of next year, he said, "all the improvements in the unemployment rate over the past five years will have been wiped out." Yet, in the face of widespread

conomic weakness across Europe, all the Community could agree upon was to establish two funds, representing less than 0.01 percent of EC output, to furnel additional lending into infrastructure and small-business investment. The plan falls far short of the "big bang" spending program floated last month by Jacques Delors, pres-

ident of the EC Commission. The European Investment Bank which finances capital projects in the Community, was authorized to set up a temporary loan fund of 5 billion Ecus and a loan guarantee

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But there is a broad consensus

that if there are no significant poli-cy changes — and the Edinburgh meeting of EC leaders last week

provided none — this status quo

extend the exchange controls or to

devalue the punt, a move most analysts consider inevitable.

mark to tough it out with interven-tion and higher short-term interest

rates by the central banks to defend the exchange rate, which has worked since the crisis first erupted

in September, appears less tenable.

10 percent of the labor force, and

industry in both countries now has

the additional handicap of working with revalued currencies following

the substantial devaluations since

September of the British pound,

Spanish peseta, Finnish markka and Swedish krona, as well as smaller devaluations by Italy, Por-

On a trade-weighted basis,

French officials estimate that the

franc has effectively been revalued

by 4.5 percent. This is a significant

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tugal and Norway.

Kiosk

JAKARTA (WP) - A powerful earthquake and a scries of tidal waves have killed more than 1,200 people on the Indonesian island of Flores and devastated a coastal town and neighboring fishing

Rescue operations in the heavily damaged town of Maumere, about 900 miles (1.450 kilometers) east of Jakarta, were being

hampered by aftershocks, tropical storms, power failures and poor communications, relief officials said. They said the death toll was

The earthquake, measured by Indonesian authorities at 6.8 on the Richter scale, struck at midday Saturday and damaged at least a third of the buildings in Maumere, a town of about 40,000.

1,200 Dead in Indonesia Quake

Unemployment already is above

The option for France and Den-

The Irish are expected either to

will not last.



A U.S. Marine in Mogadishn on Sunday during a confrontation with a group of Somalis, whom he had just disarmed of an assault rifle.

U.S. Secures Somali Base as Staging Hub

By William Claiborne

Washington Post Service
BALI DOGLE, Somalia — U.S. military forces
Sunday turned a derelict Soviet air base here into a major troop staging center for establishing security in Somalia's famine zone, and within hours began land-ing transport jets from the United States filled with

soldiers and equipment.
Lieutenant General Robert Johnston, commander of the Joint Task Force Operation Restore Hope, is under increasing pressure from international relief agencies to get U.S. forces to Baidoa and other towns in the famine zone as soon as possible. He said Sunday, "I'm going to get there as quickly as I can, but I want to make sure that I have the forces to establish

230 Marines had landed in helicopters, shooed away camel herdsmen and secured the perimeter of the abandoned air base, C-141 transport jets were landing on the partly overgrown and cracked runway, unloading troops and equipment of the U.S. Army's 10th

The base, about 110 kilometers (70 miles) northwest of Mogadishu, will become an important factor in the luck, it's all quiet."

U.S.-led task force's attempt to wrest control of Bai-doa, Hoddur and Gailalassa and their surrounding countryside from the remnants of warlord militias and free-lance gunmen, military officials said.

"This is just one more step to get away from the port and move out into the hinterland," said Brigadier General Thomas R. Mikolajcik, the air force commander in Operation Restore Hope. "It'll be a logistics base for providing security as they go from here to

Getting American troops out into the countryside as quickly as possible after they arrive has become a critical factor in the U.S. strategy, because heavily armed gangs appear intent on looting as they are forced out of densely populated centers and head northward toward the safety of the Ethiopian border. A task force spokesman said Sunday that there were 4,000 troops on the ground in Somalia, out of a projected U.S. force of 28,000.

General Johnston said that although there appeared to be a public "preoccupation" with getting American troops to Baidoa, "we want to be able to respond to the

He added, "I'm not going to go there wishing, by

[A spokesman for the CARE aid agency, Rick Grant, said the organization's relief workers in Baidoa had been forced to stay in a house guarded by more than a dozen men armed with assault rifles. The Associated Press reported. "It is criminal negligence the Marines aren't there," Mr. Grant said.]

A major incident occurred Saturday, before the securing of the Bali Dogle air base. Two U.S. helicopter gunships destroyed three armed Somali vehicles after the Marine aircraft were fired on, the military

A U.S. spokesman, Colonel Fred Peck of the Ma-rines, said the AH-1 Cobra gunships, which were on a reconnaissance mission, had been fired on by a Somali sumored personnel carrier. The Cobras fired 20mm guns and TOW anti-armor missiles, destroying the armored car and two armed vehicles next to it, Colonel

It was the first significant exchange of gunfire between Western troops and Somalis since the Marines landed Wednesday. The incident came two days after two Somalis were killed and seven wounded truck barreled through a military check

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Clinton's Economic Team Gets Set to Plug In

By Paul F. Horvitz International Herald Tribune
WASHINGTON — President-elect

Bill Clinton opens a high-profile two-day conference on the U.S. economy Monday that will showcase his newly appointed economic team and a televised "town meeting" format that he hopes will directly connect him to the public.

Consensus-building is apparently a prime goal of the meeting, which will bring together 326 business, labor, academic and consumer leaders from all 50 states and will include live telephoned questions from viewers around the coun-

Mickey Kantor, the conference coordinator, said Sunday that the session would help Mr. Clinton assess the state of the economy, provide new ideas for

John Sculley, chairman of Apple Computer and a conference participant, said Sunday that the session would help "get the country focused on an agenda" for economic revitalization so that Mr. Clinton can take office on Jan. 20 with "a stronger voice."

Mr. Clinton rounded out his major economic appointments over the weekend, naming Ronald H. Brown, 51, national chairman of the Democratic Party, to be commerce secretary, Mr. Brown, a polished Washington lawyer and lobby-ist, is widely praised for his efforts to

unify the various party factions.

Mr. Clinton also named his boyhood friend and confident from Arkansas,

economic growth and give Americans a chance to participate in problem-solving.

"They want to be connected to their government," he said.

Thomas F. (Mack) McLarty, 46, to the powerful post of White House chief of staff, Mr. McLarty is chairman and chief executive officer of Arkla Inc., a Fortune 500 energy holding company that controls Arkansas-Louisiana Gas Co.

Mr. McLarty is expected to play the role of "honest broker" for Mr. Clinton by making sure that he hears all significant voices before making a decision and by ensuring that decisions are carried out to the president's specifications.

The latest appointments allow Mr. Clinton to begin focusing on foreign policy appointments that are expected in the next 10 days. The naming of Mr. McLarty, for example, increased speculation that Warren M. Christopher, who had been mentioned as being under consideration for chief of staff, would be named secretary of state.

ton's transition process, is a prominent Los Angeles lawyer who was deputy secretary of state under President Jimmy

Senator Bill Bradley of New Jersey and General Colin L. Powell, chairman of the Joint Chiefs of Staff, are also frequently mentioned for the post. It is possible that Mr. Clinton will want to appoint a Middle East negotiator to work with the secretary of state.

Speculation in recent days has centered on a number of other possible nominees for national security posts, including Representative Les Aspin of Wisconsin, chairman of the House Armed Services Committee, for secretary defense; Representative Dave

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Israeli Soldier Kidnapped By Islamic **Extremists**

Militants Seek Release Of a Religious Leader Serving a Life Sentence

By Clyde Haberman

New York Times Service
JERUSALEM — In a during challenge to Israel's authority in its occupied territories, Islamic militants kidnapped an Israeli soldier Sunday and threatened to kill him unless the army quickly released the imprisoned founder of a dominant Muslim group in the Gaza Strip. The abductors' deadline passed with their demand unmet, but it was not known if they

carried out their threat. The kidnapping, a rare action that stunned Israeli officials, came in a wave of intense violence, perhaps the most severe to strike Israel and its territories since the start of the Middle East peace talks last year.

It continued over the weekend with the fatal shooting of three Palestinians and an Israeli soldier who, like three other soldiers last week, was gunned down from a passing vehicle while

he was on patrol in a jeep. In addition, Gaza was buffeted by repeated clashes between stone-throwing demonstrators and Israeli troops, who opened fire with live ammunition and rubber bullets, wounding at least 120 people in the last two days, some

A rise in violence had been anticipated for the last few days as Palestinians marked several anniversaries in their five-year-old uprising against Israeli occupation. But the lighting turned out to be unexpectedly fierce, and it produced political ripples on both sides of the line dividing Israel and the territories it has held since the 1967 war.

On the Israeli right, opposition parties said they would seek a parliamentary vote of noconfidence this week against the Labor-led government, accusing it of encouraging terrorist attacks with political concessions offered to Palestinians as part of the peace talks. The talks are continuing in Washington without tangible

In contrast, leftist politicians, including some government ministers, said it was time for Israel to think about pulling its forces out of poor, over-crowded, ever-turbulent Gaza, especially

if the peace negotiations end in deadlock. There is room to consider within a certain period of time - a year or two - a unilateral withdrawal from Gaza with prior announcement," said Health Minister Haim Ramon, a Labor Party leader who reportedly was supported by four other ministers attending a

weekly cabinet meeting. self had suggested it five years ago when Labor was in a coalition government with the Likud Party. There was no indication that the idea was now about to take a more concrete form. And even if that were to happen, it would not apply to the West Bank, where nearly all Jewish settlers in the territories live and where most

Israelis feel their main security interests lie. Nonetheless the latest violence has clearly rattled many Israelis and perhaps even weakened their resolve to remain in the territories. If for that reason alone, Palestinians seemed emboldened, taking heart especially in machine-gun attacks that killed four soldiers in the last week and that Israel's top commanders acknowledge had shown a fair amount of daring.

The predawn kidnapping on Sunday of Sergeant Major Nissim Toledano in the Israeli town of Lod was likely to increase the sense among Israelis that they are under siege. The chief demand of the kidnapers was that

Israel free Sheikh Ahmed Yassin, a Gaza resident who founded the Islamic Resistance Movement, known as Hamas, five years ago. Sheikh Yassin, 57, and long confined to a wheelchair, has been in prison since 1989 and was sentenced last year to a life term for order-ing the killings of Palestinians accused of work-





400,000 in 2 German Cities Rally to Protest Neo-Nazi Violence

Some of the 150,000 people who gathered in Frankfurt for a music festival held to show solidarity with foreigners and sympathy with their plight. In Hamburg, some 250,000 rallied in the same cause. The master of ceremonies of the Frankfurt gathering told his mostly young audience: "This isn't about politics. It's about opposition to violence and racism." Page 2.

Windsors After Fall: Fact Closes In on Fiction

ing with the Israeli authorities.

By Mary Blume

LEICESTER, England - When Britain elects a republican government, the royal family is fired and sent to live on welfare in public housing with such possessions as they can load into a van in 48 hours. It isn't much, but too much for the two-bedroom semidetached that Mrs. Windsor, as she is now known, has been allotted on the Flowers estate, in

Hellebore Close, popularly known as Hell Close.

"Yes, it is hell," Mrs. Windsor remarks. Her previous experiences with council estates had consisted in walking on a red carpet, cutting a ribbon, accepting a posy from a shined-up 2-year-old and returning to her palace.

"We've had bloody cars bigger than this," says Prince Philip. The Aubusson rug must be cut to fit the cramped lounge, the sofa that belonged to Napoleon bisected. The queen's corgi, Harris, brings home a

Princess Diana shudders at the purple and turquoise wallpaper and buys a trouser suit in a thrift shop. Prince Charles, beamishly delighted by what he calls the simple life, starts an organic garden, which Diana neglects to water, and grows a ponytail. Princess Margaret arrives with her usual bad humor and six cocktail dresses. The Queen Mother smiles her famous smile and says of her bleak accommodation: "It's darling. It

could be a kennel for a large dog.

Hell Close is dirty and neglected, cold and damp, and smells of burning tires. Its residents are mildly larcenous, appallingly dressed and, for the most part, kind. Prince Philip, deprived of his privileges, mistress and contact lenses, becomes a bedridden depressive. The queen learns to dress herself (how tricky it is to fasten a brassiere if you never have!), makes soup from old bones and, like other Hell Close residents, is bullied by bureaucrats and patronized by a social worker. The country does not go

See ROYALTY, Page 6

For a Princess, a Simple Ceremony in Scotland

After her royal kinfolk had catapulted themselves through a tempestuous week, what Princess Anne needed for her remarriage was certainly not pomp and least of all circumstance. She and Commander Timothy Laurence found each other - and not much of either of the above - in a small town in Scotland. (Page 6)

Russia's constitutional crisis took a turn for the better as President Yeltsin reached a compromise with the parliament.

fran beat the drums for new OPEC production cuts.

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Рa

If Western governments intervene starts with an attack on Kosovo that may accelerate thanks to meetings under under cight to contain the fighting in cightboring Macedonia. As the militarily to contain the fighting in engulfs neighboring Macedonia. As the Bosnia, it will be partly to head off a wider crisis in Kosovo and Macedonia. The first international presence there was an observer mission sent by the Conference on Security and Cooperation in Europe and headed by Robert H. Frowick, a former U.S. ambassador to the group. Mr. Frowick, who returned this week to Stanford University's Hoover Institution, told Joseph Fitchett of the International Herald Tribune about the mounting alarm.

Q. In a first-ever attempt to provide "preventive peacekeeping," UN units are arriving in Macedonia. What explains this new readiness to try getting ahead of

A. A fight over Macedonia will explode into a full-blown Balkan war. Two NATO allies will be involved in a hurry. Turkey and Greece. That's fundamentally different from everything that has happened in former Yugoslavia, which arguably could be described as civil war. Now the most likely and dangerous scenario

war in Bosnia winds down, Serbian militia leaders, the type who specialize in terrorizing opponents to make them flee their villages, have reasons for a new

Serbs consider Kosovo their historic homeland, but ethnically the population

MONDAY Q&A

is over 90 percent Albanians. If the Serbs attack Kosovo's Albanians, Albania will come to their rescue. From the other side, Macedonia's ethnic Albanians will start crossing the border into Kosovo to help their cousins. Then Belgrade engages its Serbian forces to interdict this outside support and try pushing Macedonia's ethnic Albanians out toward Albania. Macedonians will get help from Bulgarians, to whom they are related. Turkey comes to the aid of Albania, a fellow Muslim nation. Greece might take actions in its own interest.

Q. Can't international action wait until Macedonia wins recognition as a state? A. The process of de facto recognition ty summit, the CSCE ministerial meeting, NATO ministerials, UN talks. People in Macedonia are haunted by the approaching Yugoslav elections on Dec.). If Milosevic is re-elected, he may feel he has a fresh mandate for Serbian expansion. If his popularity is slipping, he might unleash an attack as a way to rally the Serb nation behind him.

O. Would an assault on Kosovo really

threaten Turkey? A. If Albania becomes openly involved, I don't see how Turkey cannot be engaged. The Muslim dimension is increasingly serious. Turks are incensed by what is happening to Muslims in Bosnia without the West doing anything.

Q. But Greek fears focus on something else: the risk that a new state called 'Macedonia" might emerge with irredentist claims on northern Greece.

A. Greeks have to ask themselves what is worse: a weak "Macedonia" versus modern Greece enjoying NATO protection, or Turkish military action around Greece, with NATO hamstrung because two allies are pitted against each other. Nothing could jar Greek security interests more than the sight of Turkey coming to the aid of Albania, if not overland Yugoslavs who may be tempted to move then coming around by sea.

Q. What have international missions such as yours been doing?

A. Macedonia was extraordinarily vulnerable because there were no diplomatic missions in Skopje. We provided a kind of early warning system, designed to defuse incidents and deter attack by report-ing to interested capitals. Inside Macedonia, political strains are sharpening as the economy deteriorates, mainly because the anti-Serb embargos are also strangling Macedonia. We helped the Skopje government understand the need to do better for the Albanian minority, whose local leaders are now trying to keep the republic viable. We also tried to encourage better border arrangements, and kopje was immediately ready to proceed but Belgrade was deafeningly silent. All these diplomatic efforts were good, but no longer enough to do the job of pre-

Q. As you leave your official position,

what do you recommend? A. In my personal view, we should be willing to use air power to back up warn-

Yugoslavs who may be tempted to move into Kosovo to start a war. I'm not saying we should bomb Belgrade. With air power, we could draw the line - if necessary. hitting any Serbian military effort involved in attacking Kosovo. To get the military credibility needed while there is still time, we must start showing Beigrade that from now on any breach of commitments will be met with action, perhaps starting with enforcement of the "no-fly" rules in Bosnia.

Q. Could this policy get an international consensus?

A. I think that U.S. leadership is definitely needed because the European Community does not seem able to muster what is needed for military action. There appears to be heightened realization in ashington these days that the problem is changing in nature, so the response must, too. Any Western action against Serbia should be discussed with Moscow because of historic Russian ties to this Slavic people and region, but I think we could expect positive understanding from the Yeltsin leadership about preventing a conflagration.

existence without realizing it,"

since a new constitution is likely to

change Russia's governmental

structure, implying new elections

At the heart of the conflict be-

tween Mr. Yeltsin, his appointed, provisional government and the unwieldly, 1,041- member Con-

gress has been a bitter struggle over

the shape of Russia's future polity. Debates over economic policy, appointments and all the normal

difficulties of ordinary administra-

tions have invariably become dis-

torted in a country that has not

even resolved the fundamental

Will Russia have a presidential or a parliamentary system? Will its legal structure emphasize the rights and duties of individuals or the

power of the state? What will be the

extent of the legislature's power, or the nature of checks and balances

among the executive, legislative and judicial powers? All these

On Monday, under the terms of the compromise, Mr. Yeltsin will

put forward several candidates for

prime minister nominated by legis-

ative factions. The Congress will

If the Congress then gives that

nominee a majority, he will be prime minister; if not, Mr. Yeltsin

can name an acting prime minister.

Many deputies expect Mr. Gaidar

test against the rightists and to show solidarity with the 6 million

The government has also moved

against radical rightists, banning

two groups for inciting hate against

foreigners and Jews, and as a threat

to Germany's struggle with its identity in the post-Cold War world, Defense Minister Volker

Rühe said Sunday that Germany should remove postwar restrictions

on its military and send troops to

"I think it is necessary in the

second phase, around the end of January, for Germany to be able to

carry out humanitarian aid proper-

ly on the ground with, among oth-

ers, engineers, sanitation workers

In another development related

foreigners in the country.

to democracy.

questions have been unsettled.

top three vote-getters.

Russian Deal Hints

At Normal Politics

before this venomous session of the rules under which it will be gov-

As Yeltsin supporters and oppo-nents gathered in separate rallies Yeltsin will nominate one of the

Given that the Congress will not to emerge one way or another.

400,000 Germans Rally

By Steven Erlanger

New York Times Service

tween President Boris N. Yeltsin

and his legislative opposition, un-

veiled over the weekend with much

drama and some confusion, con-

tains the promise of an end to Rus-

sia's long-standing constitutional crisis and the development of more

ordinary democratic politics, some government officials and senior

Western diplomats said Sunday. By scheduling a popular referen-dum for April 11 on major consti-

tutional questions, the country's squabbling leaders have allowed

the people of Russia a crucial say in

their future that previously had

In the meantime, the status ono

Congress of People's Deputies began Dec. I will essentially be re-stored, with Mr. Yeltsin keeping

his special powers of decree over

minister, Yegor T. Gaidar. Even if Mr. Gaidar does not

emerge as prime minister on Monday, government officials and dip-lomats said, Mr. Yeltsin, with his

control of the nominating process, should be able to ensure that a new

prime minister will not gut the es-

sence of Mr. Gaidar's economic

on Sunday, Gaidar aides said pri-

vately that the outcome was "a sig-nificant victory," especially in the

face of a runaway legislature itch-

ing to strip Mr. Yeltsin of much of

policies

been denied them.

MOSCOW — A compromise be-

WORLD BRIEFS

700 Arrested in India Crackdown As Quiet Returns to Most of Nation

NEW DELHI (AP) - Police sealed the offices of Hindu and Muslim nationalist groups Sunday and arrested nearly 700 people in a nationwide crackdown on extremists held responsible for a week of communa

The government announced a casualty toll of 1,210 dead and 4,600 wounded in the clashes that erupted after Hindus tore down a l6thcentury mosque in Ayodhya on Dec. 6. More victims were still being

The arrests were part of Prime Minister P. V. Narasimha Rao's effort to assert the government's authority and counter critics who called him weak and indecisive when he failed to prevent the mosque's destruction. Quiet returned to most areas after a week of the worst Hindu-Muslim clashes since independence in 1947. The only major incident reported Sunday was in Mysore, in the southern state of Karnataka. Officials said 15 people were stabbed in a melee, and the police opened fire to disperse the rioters. Curfews were lifted during daylight hours in most of the 135 cities where people had been confined to their houses for days.

UN Team Seeks Iragi Clarifications

BAGHDAD (Reuters) - A team of United Nations weapons experts made their final inspection of the year on Sunday and said there were still points to be clarified in talks with Iraqi officials.

The team leader, Johan Santesson, a chemicals expert from the World Health Organization, said that none of the inspections had uncovered any weapons-related material but that their talks had not been satisfying. He declined to comment on the contents of a letter to the president of the Security Council from the Special Commission charged with destroy ing Iraq's most lethal weapons. An Iraqi newspaper, Babil, published by President Saddam Hussein's son Udai, quoted the letter as saying a senior

Iraqi official had told Mr. Santesson that there would be no more cooperation from the Iraqi side and that he would punish anyone who did cooperate with the UN inspectors.

Cairo Holds 600 in Terrorist Sweep

CAIRO (AFP) - Authorities are holding 600 Muslims suspected of being fundamentalist terrorists after a six-day sweep of the Cairo neighborhood of Imbaba, the police said Sunday. Security forces were continuing their search for extremists and arms caches in Imbaba on Sunday. The meet again until the constitutional referendum takes place, one gov-ernment adviser said, "this Conpolice said around 1,000 people had been detained during the operation which began last Monday but almost half had been released gress may have voted itself out of

The police arrested 20 suspects on Saturday. Five of them had explosives and were planning attacks on cinemas and theaters in Cairo, the police said. The sweep has netted the head of the Imbaba extremists, Sheikh Gaber Ahmad Mohammad Ali, who had repeatedly challenged

authorities in interviews with foreign news agencies. Sheikh Gaber, 35, admitted taking part in attacks last year on churches in Imbaba and having ordered militants to carry out bomb attacks in the city, the police said. He and 11 supporters were accused Saturday by the state prosecutor of "creating an illegal organization aimed at causing unrest," and possessing weapons for attacks on policemen and shops.

Arms Treaty Eludes U.S. and Russia

STOCKHOLM (Reuters) — The United States and Russia failed Sunday to complete a landmark agreement to cut their arsenals of longrange nuclear missiles, but senior officials said there was still a chance of doing so before the Bush administration leaves office next month.

After a three-hour meeting, Foreign Minister Andrei V. Kozyrev and Secretary of State Lawrence S. Eagleburger said they had made some progress but would probably have to meet again to complete work on the START II treaty, a follow-up to the first strategic arms-reduction pact signed last year. START II would eliminate all land-based multiple warhead missiles, the most dangerous and destabilizing in either country's nuclear arsenal, and reduce both sides' total stockpiles of warheads

by up to two-thirds.

With President Boris N. Yeltsin under pressure from conservatives at home, some American officials were doubtful whether he had the time, will or political ability to focus on an agreement that Russian hard-liners have criticized as making too many concessions to the United States.

Seoul Tightens Security for Election

SEOUL (AP) - Policemen were placed on alert and security was tightened Sunday at airports, harbors and campaign rallies as South Korean newspapers reported that the police had obtained information

and create unrest in advance of the elections on Friday. Uniformed and plainclothes police, using bomb-sniffing dogs and metal detectors, searched cars entering the Seoul airport. Squads of martial-arts trained experts were added to security teams already assigned to guard major candidates, the police said.

Italians Voting in Local Elections

ROME (AP) - Voters in 55 cities and one province began casting ballots on Sunday in local elections that could measure discontent wit major parties over austerity moves and a national political corruption

Nearly a million voters are eligible to vote Sunday or Monday in the elections for city councils and for the provincial council in La Spezia. The counting will not begin until the polls close at 2 P.M. on Monday.

Italy's Northern League, a protest party seeking greater autonomy for northern Italy, won the largest share, 33.6 percent of the vote, in the last local elections, in northern Mantua Province in September. The most important cities in Sunday and Monday's election are Monza, Varese, Reggio di Calabria and Viareggio.

Wallace Son Asks Reopening of Case

MONTGOMERY, Alabama (AP) — The son of former Governor George C. Wallace of Alabama, citing new claims that his father's 1972 assassination attempt was discussed in the Nixon White House, wants the

FBI to reinvestigate the shooting.

George Wallace Jr. said he had asked President-elect Bill Clinton to reopen the investigation. He also wants a congressional inquiry. Jeff Eller, a Clinton spokesman in Little Rock, Arkansas, said there would be no comment on the request until it was received. The elder Wallace, who was seeking the Democratic presidential nomination, was shot May 15. \$1972, during a campaign stop in Laurel, Maryland, leaving his legs

The call for a renewed investigation was prompted by an article in The New Yorker magazine that reported that former President Richard Nixon and an aide, Charles Colson, discussed planting George McGovern campaign literature in the apartment of Mr. Wallace's attacker.

TRAVEL UPDATE

The Via Veneto in Rome, once a gathering venue for the famous, has seen the closure of its last two eating places. The Café de Paris shut down last week, and on Saturday the police closed a hamburger outlet for public-health reasons.

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

WEDNESDAY: Bahrain, Bangladesh, South Africa,

FRIDAY: Niger.

There were at least 13 dead and perhaps as much as hundreds of millions of dollars of

Governor Jim Florio of New Jersey called the storm "the worst in memory" after touring collapsed buildings and the battered boardwalk in Atlantic City. "It's too early to put a hard number on the

for (ederal disaster aid. So did the governors of New York, Connecticut, Massachusetts, Virginia and West Virginia.

suffered broken windows and flooding dam-In western Massachusetts, residents shoveled their way through a record 30 inches (76

centimeters) of snow that fell in less than 24 hours. More than 150,000 people lost electri-cal power and winds of 60 miles an hour (95 kilometers an hour) snapped tree limbs and damaged homes.

Residents in Boston and the Cape Cod areas recovered from heavy flooding caused by 80-mile-an-hour winds and tides of up to 20 feet (6 meters).



Muslims in Manjaca prison outside Banja Luka, Bosnia, awaiting a POW exchange to take place under UN auspices. More than 500 male detainees left Sunday at the start of the swap. Some 3,000 immates will be released in batches Monday, Wednesday and Friday.

U.S. to Back Enforced Bosnia Flight Ban

Compiled by Our Staff From Dispatches

STOCKHOLM — In a stiffening of the Bush administration's position on the war in the Balkans, the United States will support a United Nation's resolution resolution and the states will support a United States w ed Nations resolution to enforce the ban on Serbian flights over Bosnia-Herzegovina, according to Secretary of State Lawrence S. Eag-

He also said the administration was rethinking its opposition to lifting a UN arms embargo that benefits the well-armed Serbian forces.

The warring parties in Bosnia announced Sunday that they had signed a new cease-fire. But the three sides, Serbs, Croats and Muslims, have failed to respect all previous cease-fires, including the most recent one, signed Nov. 10. Even as the agreements were being negotiated, Serbian forces reportedly continued shelling.

President François Mitterrand said Saturday that France would ask the United Nations to authorize enforcement of the "no-fly" zone

But the commander of UN forces in the former Yugoslavia warned against Western in-tervention, saying it could endanger his peacekeeping troops and wreck the aid operation. Lieutenant General Satish Nambiar, who

commands the 23,000-strong UN Protection

Force, dampened enthusiasm in the United States and Europe — as well as among some of his own junior officers — for military action to stop Serbian aggression.

General Nambiar warned that intervention

The chief of staff of French armed forces, Admiral Jacques Lanxade, argued that UN troops should either use force or get out of Bosnia. And after a meeting last week of NATO defense ministers, Secretary General Manfred Worner said the alliance would do "what is necessary" if the United Nations asked for military action.

The commander of Serbian forces in Banja Luka, Bosnia, said he believed a U.S.-led military intervention was possible but warned that any American who comes here probably won't

"You mustn't forget, we are not Iraq," said Major General Momir Talic, commander of the largest and strongest corps of the Serbian Army now occupying most of Bosnia-Herzegovin American weaponry that worked in the Iraqi desert will not function as well in the hills and mountains of the former Yugoslavia, he said in

As talk of possible military intervention grows in the West, General Talic and the Bosni-an Serbs' defense minister, Colonel Bogdan Subotic, both appeared eager to signal to Washington that resistance would be lierce and that Americans "must count on this." Mr. Eagleburger's statements came after

The secretary of state's remarks reflected the administration's seeming desire to leave with a legacy that it had done what it could to ease the

Yugoslav crisis. Mr. Eagleburger spoke to reporters en route to Stockholm, where he will meet with European foreign ministers to discuss the Balkans and other issues. He said the United States had changed its position both because the situation on the ground had deteriorated and because the istration believes that, as in Somalia, the United States cannot "simply ignore it and leave it to the next administration."

"We would like to see an enforcement resolution passed," he said, adding that he would discuss the issue in meetings in Stockholm, Geneva and Brussels. But he added. "I am not going to go in there with a baseball bat and say we are now going to go for an enforcement

resolution." As for the embargo, in recent days the State Department has drafted a memorandum that argues both sides of the question, senior admin-

tration officials said.

"The United States is prepared in these dis-cussions this week to examine with others whether it would be wise to move away from the solid position we have all taken of a flat arms embargo with regard to the Bosnian Mus-lims." Mr. Eagleburger said. (NYT, WP, AP)

CLINTON: SOMALIA: Marines Secure an Ex-Soviet Air Base

(Continued from page 1)

point, and French soldiers and Marines shot at it.
On the Bali Dogle air base, a

small advance team of air force and army engineers and technicians has been encamped at the control tow-er since Thursday, conducting weight-bearing tests on the runway. The arrival of the Marines on Sunday morning marked the first attempt to secure the airport perimeter and establish a protected base.

rines' psychological operations unit had been dropped from helicopters. urging civilians in Bali Dogle not to alarmed by the arrival of the U.S. forces.

On the reverse side of a drawing of a Marine shaking hands with a Somali, a greeting declares that the American troops have come to help the civilians and urges them to turn in their weapons for food.

WHEN

THE ARPORT

MINUTES AWAY

PREPARING

FOR A FLIGHT

TAKES ON

A WHOLE NEW

PERSPECTIVE

Leaflets prepared by the Ma- ing the Cold War, when the United States and the Soviet Union were vying for influence in the Horn of When the Somali dictator Mohammed Siad Barre began shifting his alliance to the United States in

The Bali Dogle base was the So-

are still parked in revetments along viet Union's biggest in Africa durthe taxiway. The base was last used militarily in joint U.S.-Somali exercises in 1987, and it has since deteriorated further, having been looted and stripped by gummen during two

> General Mikolajcik, commander of the 437th Tactical Airlift Wing at Charleston Air Force Base in South Carolina, said about 1,800 meters (6,000 feet) of the north end of the 3,000-meter runway were still usable for C-130 and C-141 cargo and troop aircraft. Further engineering studies will be made to determine whether C-5 Starlifter cargo aircraft can also eventually land, he said.

years of clan warfare.

1978 and the Soviet Union shifted

its attention to Ethiopia, Moscow

abandoned Bali Dogle, leaving behind a number of MIG-18 and oth-

er aircrast whose rusted remains.

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A 'Town Meeting'

(Continued from page 1) McCurdy of Oklahoma, chairman of the House Permanent Select Committee on Intelligence, for di-rector of central intelligence; and Strobe Talbott, foreign affairs columnist for Time magazine, for national security adviser.
Outside the international arena,

there has been speculation about the appointment of Senator Tim Wirth of Colorado as energy secretary; former Governor Bruce Babbitt of Arizona as interior secretary, former San Antonio Mayor Henry Cisneros as housing and urmain fairground building, groups ban development secretary; and performers included Peter Representative Mike Espy of Mississippi as agriculture secretary.

iob training, new technologies and deficit reduction. "Presenters" will deliver short

introductory statements intended to define a problem. Among the presenters will be Mr. Sculley; Harold Polling, chairman and chief executive officer of Ford Motor Co.; Felix Rohatyn, the Lazard Freres investment banker, and William H. Gray 3d, the former House Budget Committee chairman who is now president of the United Ne-gro College Fund.

Mr. Kantor said he did not invite Ross Perot, the Dallas businessman who won 19 percent of the vote in the presidential election, because the two men agreed that Mr. Perot's presence would cause a disruptive "media circus," as Mr. Kantor put it.

To Protest Neo-Nazism have regularly taken to the streets Compiled by Our Staff From Dispatches to protest xenophobia. Last weekend, 300,000 people FRANKFURT - In a huge show of solidarity with foreigners, took part in a torchlight gathering along the streets of Munich to promore than 400,000 people demon-

strated in two German cities Sunday, with a rock concert and candlelight parade to protest increasing radical rightist violence.
The police in Hamburg said more than 250,000 people took part in an evening demonstration, lining

the Old Town streets and holding candles in solidarity with foreigners and against neo-Nazi violence. in Frankfurt, more than two dozen performers and groups staged an open-air rock concert

free of charge to protest rising xe-nophobia. Organizers and the police said more than 150,000 people Somalia as early as next month to join a U.S.-led international effort. The master of ceremonies of the Frankfurt event, Fritz Egner, said: "This isn't about politics. It's about

opposition to violence and racism. The mostly youthful crowd Between performances by 28 music groups and individual sing-ers, he read out messages from oth-

audience for taking a stand against neo-Nazism. Standing on a scaffolding con-structed as a stage in front of the

The economic conference, in Lit-tle Rock, Arkansas, will consist of Since a neo-Nazi arson attack on seven roundtable discussions, each Nov. 23, which killed a Turkish led by Mr. Clinton. Topics range woman, her granddaughter and her from the international economy to niece, in the town of Mölln, hundreds of thousands of Germans

and communications lines," Mr. Rühe told ZDF television. er top European artists who congratulated the performers and the

Maffey, Marius-Müller Westernhagen and the rocker Udo Linden-

troops to be sent to Somalia, but only forces that could offer con-

Bonn said Saturday that it would send as many as eight air force transport planes to Somalia to deliver aid and study what other nonmilitary work it could do there. Mr. Rühe emphasized, however, that he was not calling for combat

crete humanitarian help. "I call that humanitarian intervention," he said, "and the world is expecting that from Germany in view of the truly horrific situation

Air France ground staff and some cabin crew are set to call a 24-hour strike on Tuesday to protest layoffs that the company says are mandated by the recession.

This Week's Holidays

SUNDAY; Israel

MONDAY: Venezuela

THURSDAY: Bhutan,

Sources: J.P. Morgan, Reuters.

13 Die as Storm Batters U.S. Northeast

Compiled by Our Staff From Dispatches NEW YORK - The Northeastern United States rebounded Sunday from an unusually violent storm — two days of battering winds, stinging sleet and a blizzard that paralyzed the region.

damage from the storm, which lashed the coast from Virginia to New England.

"It was one of the greatest Northeast storms this century," said Bill Scara, a meteo-rologist for the National Weather Service

dollar loss, but I'm convinced this was as bad as I've ever seen it," he said. Mr. Florio said he would ask Washington

In New York City, the police said it was too early to estimate the damage from the storm. Buildings throughout the metropolis



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EXPERIENCE the DIFFERENCE hii (DAZ) 200-11424 istim - iri prapri za member ve - pag anno - e---Ramenjelov - UTEL (Messe verbland, DEJCON masserolina, Aut. Ameri Hotels and Reserts - Bangkok Aliport - Bangkok - Calang Mai - Putloya - Santoi - Phelost

// SIGNAL FROM CLINTON

Japan Cool to Clinton's Top Economic Aide

TOKYO - Japan's was a calm but decidedly cool reaction to the announcement that the Clinton administration's top economist will be a Berkeley professor known for favoring a tough line on trade

Of President-elect Bill Clinton's selection of Laura D'Andrea Tyson to chair the White House Council of Economic Advisers. Noboru Hatakeyama, vice minister for international trade and industry, said: "We have not necessarily gotten the impression that she is very much in favor of free trade. So we have to carefully watch her policies down the road."

It was predictable that Tokyo's reaction to Professor Tyson, an economist at the University of California, would be less than enthusiastic. In a recent book, she took issue with the Bush administration's free-trade policies, contending that in the real world such policies are not always best because they may give unfair advantages to other countries, especially Japan, in strategically important indus-

She wrote that in some cases, Washington may need to opt for "managed" trade, which involves government control over the amount of imports and exports. And she said she favors maintaining

Ŋ,

an arsenal of tough trade sanctions.

Another Japanese ministry official said he was relieved by the selection of Professor Tyson — but only because she did not get an

even more important job. "It's better having her as chairman of the Council of Economic Advisers than as U.S. special trade representative," the official said. "Her name was brought up many times, so it seemed very likely that she would be joining the Clinton team. The post of CEA chairman is, I think, not so powerful, so this news is sort of a relief to us." (WP)

Gore Maintains a Front-and-Center Position

LITTLE ROCK, Arkansas - At a news conference to announce his new Environmental Protection Agency administrator, President-elect Clinton stumbled over a fact and turned to Vice President-elect Al Gore, standing beside him, for help on that agency's history. "Al knows more about it than I do," he remarked.

The interlude and, more importantly, that the new administrator, Carol M. Browner, was Mr. Gore's candidate, are signs that Mr. Clinton's pledge to make his vice president a serious partner in the new administration may be more than campaign rhetoric.

All presidential aspirants invariably say theirs will be a full partnership with their vice presidents. But with no constitutional role except to preside over the Senate and to break ties in the chamber's votes, a vice president has influence determined solely by

Both in symbolic ways and in some of the appointment debates, Mr. Gore has played an unusually visible role. Compared to recent vice presidents, who have been mostly invisible during the transitions, he has always been part of the picture.

He has been on-stage with the president-elect during key appoint-

ment announcements, including Saturday's naming of Ronald H. Brown as commerce secretary and Thomas McLarty as chief of staff. Not only has Mr. Gore been in Little Rock for most of the private sessions in which cabinet choices have been debated and selected, his chief aide, Roy Neel, also has been there. Besides Mr. Clinton, the other members of the six-member team are Hillary Rodham Clinton;

a top Clinton aide. Mr. Gore has put his candidate in the top environmental job, has been credited with eliminating a candidate for a key economic job and is cited as having raised strong questions about a candidate for secretary of agriculture.

Warren M. Christopher, the transition director; and Bruce Lindsey,

Quote/Unquote

Bill Clinton, resigning as governor of Arkansas over the weekend: "I have been in this place many times over the last 14 years, and 1 must say I don't know how to do what I'm supposed to do now."

Ex-Treasury Chief Predicts 'Dynamic' Action to Lift Economy

PARIS - W. Michael Blumenthal, the former U.S. Treasury secretary, calls President-elect Bill Clinton's choice of economic aides a strong signal that the new administration intends tough action on

the budget deficit. These are all practical, pragmatic people, with a middle-of-the. road conservative bent," he said in an interview. "They are on record as feeling strongly that we must solve the deficit problem if the fu-ture growth and stability of this

Mr. Blumenthal, a limited partner with Lazard Frères & Co., said the newly created National Economic Council would be responsible for strategic thinking about long-range economic direction

economy is to be ensured.

He said the appointment of Robert B. Reich as labor secretary was an indication that the administration also intends to focus on infrastructure spending, "including, importantly, training and development of the labor force."

Mr. Bhumenthal added that the new economic direction would be appreciated by foreign governments, long concerned about the budget increases and the fact that the U.S. economy did not seem to

means that the U.S. economy will United States politically is an im-



An emotional President-elect Bill Clinton watching as Lieutenant Governor Jim G. Tucker accepted the position of governor of Arkansas after Mr. Clinton resigned from the post. The ceremonies were held at the Arkansas state capitol in Little Rock.

"The new policies indicate that the administration is going to work in a dynamic and intelligent way on the fundamental problems, which the fundamental problems, which the fundamental problems, which the fundamental problems which the fundamental p

Mr. Blumenthal, who negotiated better deal on an international much progress as possible would be

made before the inauguration "because necessarily the new administration is unlikely to be able to go to work on these matters the very next day."

"My own experience indicates to me that delay increases the risk of some kind of backsliding if not unraveling," said Mr. Blumenthal, who was President Jimmy Carter's first secretary of the Treasury.

"As these long and arduous negotiations come to a close," he said, there will always be voices on each side saying 'Let's wait and try to get a better deal." That is a formula for real trouble because the longer you delay, the more difficult it becomes to get a deal. It's been six years now and I do not believe that the European negotiating partners are going to get a better deal in April than they are going to get in December. That assumes that the Clinton administration is going to give some-thing in concessions that the Bush nistration was unwilling to do, and I think that is just totally unre-

Mr. Blumenthal said the choice of Senator Lloyd Benisen of Texas as Treasury secretary and Representative Leon E. Panetta of Caliiornia as budget director was proof that Mr. Clinton intended to work closely with Congress to achieve rapid action on the economic front.

"To have that kind of bridge, as represented by Mr. Bentsen and Mr. Panetta, is the best possible He said that he hoped that as guarantee that he can achieve coop-

Pentagon Protests U.S. Sale of Engine Technology to China

By R. Jeffrey Smith and Dan Southerland Washmeton Post Service

WASHINGTON — The Bush administration plans to allow a sale to the Chinese military of U.S. technology that China needs for jet engines to power both its own training aircraft and a Chinese ground-attack bomber that will eventually be exported to Pakistan, according to American officials,

The proposed sale of the engine technology has provoked protests at the Defense Department, where some analysis and military officers equipment would enhance Chinese diverted to power Chinese cruise missiles carrying chemical, nuclear or biological weapons.

The announced aim of Ms. said an unstated goal of the trip was to signal to the Chinese that business relations with China and the United States wants to contin-

The sale is also opposed by the recently approved by the Com-merce Department, which concludnot sophisticated enough to be re-strained by laws governing U.S. ex-ports of military-related equip-on Trade and Commerce, accord-

The administration's internal dispute surfaced amid last-minute well as many U.S.-Chinese com-jockeying over details of the agen-da for a planned visit to Beijing China of U.S. military equipment. starting Wednesday by Commerce were suspended after the Tianan-Secretary Barbara H. Franklin and men Square crackdown on Chinese

Arms Control and Disarmament

China agreement to lower Chinese relations, despite concerns about the Chinese missiles produced and exported by the Chinese military approved by the Comports. Ms. Franklin also intends to Washington's recent approval of the buymerce Department, which concluded discuss an earlier agreement on the ed that the engine technology was protection of U.S. intellectual lighter planes to Taiwan.

the sale of up to 150 U.S. F-16 ers was a Chinese factory that is under pressure from U.S. business other military missile sysmakes other military missile

ing to aides.
The commission's activities, as

to put into effect a recent U.S.- ue rebuilding strong commercial

The jet engine technology is tems and gas turbines, meant to be used by the Chinese military from the outset. A spokesman for the manufacturer, Allied-Signal Propulsion Engines, said the deal, valued at roughly \$500 mil-lion, called for 300 to 700 engines to be installed in Chinese Air Force two-scater training aircraft and possibly in more capable military aircraft that China intends to ex-

Officials of several U.S. agencies said they believed the engines could be used with only minor modifica-

But William Dippel, a spokes-man for the Allied-Signal company, called the diversion scenario very far-fetched" and said that "it would be cheaper to design a cruise tion team was not informed of Ms. missile from scratch" than modify the engines in question.

Ms. Franklin's trip has raised eyebrows among some China experts inside and outside the administration because it comes less than seven weeks before such key trade and foreign policy decisions will be turned over to President-elect Bill Clinton and his aides.

Mr. Clinton indicated during the kistan.

presidential campaign that he would be more reluctant than President George Bush to support U.S. high-tech trade with China until Beijing improves its human-rights record. As a result, some officials have speculated that Ms. Franklin deals as possible with Chinese anthorities before Mr. Clinton takes office Jan. 20.

Commerce Department officials said earlier that the Clinton transi-Franklin's trip to China before it was announced.

Her trip comes at an awkward moment for the administration for another reason: U.S. intelligence experts recently detected what one official described as "very strong circumstantial evidence" that Beijing might have reneged on its promise last year not to sell new medium-range M-11 missiles to Pa-

Away From Politics

• The three major U.S. television networks appear ready to change after years of criticism about glamorizing violence. In an unusual joint letter sent by ABC, NBC and CBS to Senator Paul Simon, Democrat of Illinois, the networks said they would "limit the • The shortfall in U.S. employee pension funds increased to more than \$50 billion from \$40 billion in the last year, the head of the federal agency that insures pension funds said.

ederat agency that insures pension funds said.

The battle between Woody Allen and Mia Farrow for custody of their three children, part of an already ugly and highly publicized clash between the couple, will not be played out on television and radio when it goes to court, a judge ruled. In rejecting the arguments of broadcasters, Justice Stanley S. Ostrau cited the prospect that impending court hearings would involve an airing of Ms. Farrow's charge that Mr. Allen sexually molested their adopted daughter and discussion of the children's emotional condition.

Broading with tradition Their limited has a county of the condition.

 Breaking with tradition, Duke University has named one of the most prominent women in American higher education, Namerl O. Keohane, the president of Wellesley College, as its next president.
 When she takes office on July I, she will become the first woman to serve as president of Duke and one of only a handful of women in the nation to have led a major research university.

• The Department of Defense has decided to tell shelters and other organizations for the homeless to get rid of more than a million blankets that the Pentagon has distributed in the last six years because some of them contain small amounts of DDT. Research on the eruption of Mount Pinatubo in the Philippines last

year has strengthened scientific views that such major volcanic events can lead to a temporary cooling of the Earth's climate and contribute to depletion of the ozone layer. • The bodies of eight men killed in Virginia's worst mining disaster in 32 years have been removed from a shaft in Norton after they were killed in an explosion.

• Issured loss from the harricane that struck Florida and Louisiana in August will probably reach \$15 billion to \$16.5 billion, more than twice the original estimate, according to A.M. Best, a leading U.S. insurance rating agency. A survey of 230 insurers found that many underestimated how severe the average claim would be because they failed to understand how extensive the destruction was.

LAT, WP. NYT, AP

Weinberger's Election-Eve Indictment Dropped

By David Johnston New York Times Service

WASHINGTON — A federal district judge has thrown out a one-count indictment against former Defense Secretary Caspar W. Weinberger that was brought four days before the presidential election and created an uproar when Republicans charged that it had contributed to President George Bush's defeat.

In his ruling, the judge, Thomas F. Hogan, said the new charge violated the five-year statute of limitations in the Iran-contra case and improperly broadened the original indictment against Mr. Weinberger that was filed in June.

The one-count indictment was returned by a grand jury on Oct. 30.

"The scope of the case has not changed," said Mary Belcher, a spokesman for Lawrence E.

But Mr. Weinberger's lawyer, Robert S. Ben-ett, said the ruling changed the nature of the Congress in 1987 that he did not keep regular nett, said the ruling changed the nature of the case by eliminating a central charge against him. "It knocks out the heart and soul of their case, and all that left are some minor capillaries." Mr. Bennett said.

Mr. Walsh's congressional critics cited the judge's ruling as another defeat for Iran-contra prosecutors in their tangled, nearly six-year prosecution of the arms sales to Iran and the diversion of some of the profits to supply arms to the Nicaraguan rebels. "This is the latest

failure by Lawrence Walsh's high-cost, low-result crusade against Republicans," said Bob Dole of Kansas, the Senate minority leader. Mr. Weinberger still faces four felony charges based on his notes that accuse him of

lying about the affair.
The new indictment had accused Mr. Wein-

notes about his activities at the Pentagon when. In fact, the indictment said, he took thousands of pages of diary notes in office. The indictment ignited a furor because it

quoted a previously undisclosed entry in Mr. Weinberger's diary that sharply contradicted Mr. Bush's contention that he did not realize until after the Iran-contra affair was disclosed in 1986 — that the weapons sales to Iran were an arms-for-hostage deal.

Coming on a Friday before a weekend of last-minute campaigning, the indictment was played prominently in news reports. Mr. Bush was repeatedly asked about the issue and following his defeat, supporters singled out the indictment as the event that damaged him most in the final hours of the race.

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Oxford Cheers, Just a Bit, **Over Success of Alumnus** The Peninsula Manila

OXFORD, England — Oxford University, the sort of place that resists enthusiasm, is allowing itself to indulge in a bit of interest in Bill Clinton. It has welcomed "the election of the first Oxonian to the presidency of the United States of America" and noted his ascension to a "long list of world leaders who have studied at the university."

It is unlikely that Mr. Clinton ever entertained delusions of wild Cortoed calebrations in his honor.

Oxford celebrations in his honor. When he returned to his alma mater after being elected governor of Arkansas, the college porter into make Oxfo toned, "I hear you've become king Albery said.

of a place with two men and a dog."
One of Mr. Clinton's tutors at Oxford, Sir Maurice Shock, is said to have remarked that Mr. Clinton

tion, the college has found reasons

the United States.

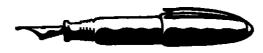
would never have become governor of "a very serious state."
But since the presidential elec-

to shed some of its reserve.

Professor John Albery, master of
University College, declares himself "totally delighted" by the election of an alumnus as president of
the United States Oxford also feels that the victory

settles a score. "George Bush tried to make Oxford a dirty word," Mr.

has a business centre.



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AMERICAN

TOPICS

Are You Heading for a Fall? Take Steps to Foolproof Home This year in the United States, more than

280,000 people will suffer hip fractures. Three-fourths will be women, and 87 percent will be 65 or older. For half, the fracture will require a prolonged or permanent need for nursing-home care or assistance at home. Hip fractures can also kill. Different studies show that as many as 27 percent of those

who require surgery for hip fracture die within three months. Death can result from complications related to the injury, the operation itself or the prolonged recovery period. For those who survive, long rehabilitation is required. Even then, many continue to require a walker or a cane. Now, the American Academy of Orthope-

dic Surgeons has begun a campaign to prompt people to reduce their risk by proper diet and exercise and by foolproofing their surroundings. All hving areas should be well ighted, with switches at room entrances. Install night lights along the route from bedroom to bathroom and keep a lamp and a

The bathroom should have grab bars. Rubber-backed carpeting can help prevent slips on wet floors. Eliminate loose throw rugs and mats. Use portable telephones rather than long phone cords that can be tripped over.
Furniture should not protrude into natural walkways.

Short Takes

The prices of antique cars have fallen roughly 20 percent since the boom years of the late 1980s, the Los Angeles Times reports. Chevrolet's 1968 L-88 Corvette sports coupe sold for \$6,500 new. Five years ago it fetched about \$100,000. Today, that is down to \$67,000. So now, experts say, is the time to buy. But, they add, learn about the market, then buy a car because you like it and believe it will appreciate in value, not because it is trendy or exotic.

A judge's lot is not a happy one, Stella Schindler, a family court judge in New York City, writes in The New York Times. "Sitting all day is exhausting," she says, and she has gained 15 pounds (6.8 kilograms). Colleagues and friends often don't know how to treat you; "wearing the robe is sometimes tanta-mount to taking the veil." Lawyers and liti-gants laugh too hard at your jokes. But "there are few comparable jobs that allow you to do flashlight next to the bed.

Stairways and steps should have sturdy handrails on both sides. Avoid dark or patterned carpeting on steps and mark the top and bottom steps with brightly colored tape.

15 pounds it would be the best job in the world "

Linda Mutchnick of Bensalem, Pennsylvania, who carries a gun as a paralegal, has designed a line of women's clothing to accommodate weapons. She said she was driven to this by tight jackets that showed the bulge of the gun, and by waistbands too flimsy to hold a weapon. She advertises, "Finally, there is a line for firearm-capable women's apparel that is functional, form-fitting and fashionable." Her line features unusually roomy jackets and vests and heavily reinforced waistbands and skirts, strong enough to sup-

Alerted by passer-by, policemen in Lilly, Pennsylvania, closed in on a gunman in a video shop only to discover that he was a lifesize cardboard cutout of Denzel Washington holding a pistol to promote his recent film "Ricochet."

About People

Pierre Salinger, ABC's chief foreign correspondent and former press secretary to President John Kennedy, recalls that after the Bay of Pigs disaster, Mr. Kennedy publicly took all the blame. Soon after, a Gallup Poll showed that he had about 80 percent support of the American people. The president called Mr. Salinger into his office and said: "Did you see that poll this morning? I hope I don't have to keep doing stupid things like that to remain popular."

Arthur Higher

• Thi i mo

Herald International Eribune, Published With The New York Times and The Washington Pres

Disarming the Thugs

Americans take quiet pride in the army they have sent to help relieve Somalia's agony, but as Operation Restore Hope rolls on a nagging doubt arises. After years of chaotic civil strife, Somalia is awash in guns and gunslingers. What is the sense of temporarily keeping the peace, so that starving Somalis can be fed, if the thugs who prey on

them keep their arms? The underlying question is scarcely limited to Somalia. In other far corners of the world, even after civil wars have ended, zealots cling to their weapons, imperiling civilians, outside peacekeepers and peace. Defiant belligerents mock overstretched United Nations monitors in Bosnia, Cambodia and Angola. The Security Council even now debates sending 8,000 more troops to supervise a cease-fire and elec-

In Somalia, President George Bush has ducked on the matter of disarming thugs. At Washington's insistence, the Security Council resolution authorizing intervention made no reference to disbanding local armies. Pentagon briefers pronounce limited aims: a quick foray to assure safe delivery of food and medicine to those who need help so desperately, and then leaving longer-term

peacekeeping to a smaller UN force.

That is glib and wishful, as is clear from the realism sounded by at least one administration official. Herman Cohen, the assistant secretary of state for Africa, speaking in Nairobi: "The U.S. military involvement will be limited, but troops will liaise with the UN with a view to establishing some form of governmental authority. This will take between six and 12 months." Yet, confusingly, only a few days ago the White House was saying that the troops would be home by Jan. 20, inauguration day.

Bill Clinton rightly declines to second-

as to the general question of disarming thugs, he has called for bolder UN enforce ment of a no-flight zone to keep Serbian planes out of Bosnia. And he talks emphatically about expanding the United Nations role in crisis management. When his foreign policy team is in place, the president-elect would do well to hear out UN Secretary-General Butros Butros Ghali on the need for "peace enforcement" units whose costs, command and dangers could be shared.

In Cambodia, the refusal of Khmer Rouge rebels to surrender their arms has imperiled a long-sought peace. In Angola, Jonas Savimbi's rebels were able to keep their arms, enabling them to defy the United Nations and betray a promise to abide by free elections won by their rivals.

That pattern could be repeated in Mozambique, where government and rebels have ended a 16-year civil war with an agreement to hold elections. Mr. Butros Ghali wants the Security Council to send troops, police and civilians in a major UN operation that would oversee the return of 6 million refugees, food distribution, elections, and demobilization of private armed groups.

All this may be too much for the United Nations, whose ad hoc peacekeeping opera-tions are already stretched thin. Keeping the long-run peace in Somalia may be too big a job for the United Nations. But what is the alternative? To let children starve, and let cutthroat gangs massacre innocent civilians.

Gradually, if not immediately, and with more money and clout, the United Nations can provide the thin blue line required for world order. Mr. Bush offers soldiers for the moment; in so doing he imposes on the new Clinton team a much heavier, more permanent burden in the elusive quest for peace. - THE NEW YORK TIMES.

Dark Days in Moscow

Pro-reform Boris Yeltsin, elected democratically, tried to work out a compromise Prime Minister Yegor Gaidar in place to with Russia's substantially anti-reform Congress, elected undemocratically. But the Congress defied him, and a frustrated President Yeltsin demanded a quick allor-nothing popular referendum on whether he or Congress should lead. It was a bold, even incautious move in which he was risking repudiation for himself and reform if he lost and society-wide polarization if he won. On Saturday he announced a more blurred, power-sharing way.

Here is Russia's dilemma. It needs the rule of law. But a conservative Congress elected in 1990, before the Communist Party and the Soviet Union disintegrated, has kept lawmaking in anti-democratic and ti-reform hands, and thereby prompted Mr. Yeltsin to rule by the power of decree - not a healthy habit. Russia needs democracy, but the element of it that Mr. Yeltsin has tended to invoke is an appeal to the people over the head of the legislature.

The political impasse plays directly against the steps needed to avert economic collapse. Conservative bureaucrats beyond the control of Mr. Yeltsin and his government continue to pump out industrial subso is the mood in Moscow. sidies, threatening a fatal hyperinflation. It

was precisely his attempt to keep reformist meet this threat that produced last week's

political eruption in Moscow. Russia needs economic reform urgently. The resisting industrial lobby in the Civic Union plays to fears of mass unemployment and has to be propitiated, but not excessively. The Gaidar program remains the country's best hope to avoid collapse. escape socialism and deepen partnership with the free-market West. But, as recent events demonstrate, Russia needs constitutional reform no less urgently. That means a legislature elected under post-Soviet and post-Communist conditions, and a president empowered to act but respectful of parliamentary authority. It also means difficult as it is to imagine in the current fevered circumstances — a minimal civility.

Mr. Yeltsin apparently is still seen as the one plausible leadership figure in Russia. But no one can be regarded as irreplaceable. The Russian people, despite the hardship of daily life and the confusion that masks their future, continue to exhibit their legendary patience and resilience. With the full winter, the days are dark, and

- THE WASHINGTON POST.

Clinton's Managers

more high-level appointments on Friday made it clear that he intends to run a and workplace skills. That is the centerpiece problem-solving administration — creative but not ideological, energetic but not confrontational. His managers, he said, must gy that Mr. Reich helped design. know "the limits of what government can do as well as what government must do."

Three of the four are women, reflecting Mr. Clinton's pledge for a diversified administration. Laura Tyson, an economist at sity of Wisconsin. Yet she is primarily an Berkeley, will head the Council of Economic educator. The two most pressing tasks fac-Advisers. Carol Browner, Florida's top environmental official and a protégée of Vice President-elect Al Gore, will run the Environmental Protection Agency. Donna Sha-lala, chancellor of the University of Wisconsin, will lead the Department of Health and Human Services. The Harvard lecturer Robert Reich will become labor secretary.

Ms. Tyson describes herself as a "cautious activist." She has been accused. wrongly, of protectionism, but she does call for retaliation against protectionism by other countries. And she would subsidize U.S. industries that promote advanced research. train skilled workers and otherwise spin off large benefits to the rest of the economy. All this gives heartburn to many economists who preach free, unsubsidized markets and multilateral solutions to trade problems. Unlike Ms. Tyson, Mr. Reich opposes

Bill Clinton's announcement of four selective subsidies for industry. Yet he, too, champions major investments in education

Ms. Shalala is a more curious choice. A

skilled backstage negotiator, she received high marks for her stewardship of New York City's Hunter College and the Univering her department are reforming the welfare system and overhauling medical care. Ms. Browner, the choice for the EPA, faithfully reflects Mr. Clinton's vision of artful activism. Few officials face more difficult choices - choices between jobs and environmental protection, between committed environmentalists and businessmen who, as Mr. Clinton observed on Friday, are often disheartened by complex and sometimes contradictory regulations. Ms. Browner won compromises on several thorny issues in Florida, satisfying environmentalists without enraging industry. Her strength was her ability to steer all parties toward agreement by balancing competing interests and avoiding ideological combat a defining and useful trait in all of President-

elect Clinton's appointments thus far. - THE NEW YORK TIMES.

Other Comment

India Back From the Brink?

India's economic problems are huge and [P. V. Narasimha] Rao, by not being firm enough soon enough in the Ayodhya affair, has squandered some of the authority needed to keep his party in line. The destruction of the mosque has now brought from the prime minister commendably forceful reactions, among them a welcome promise to rebuild the mosque. Yet some of the government's firmness runs the risk of inflaming Hindu passions still further.

Risk, however, is not the same as cer-

tainty. India's cracks are so many and manifest that its unifying resilience is sometimes overlooked.

The truth is that Ayodhya's violence is the latest in a line of crises, including the storming of the Sikh temple in Amritsar and the assassinations of Mahatma Gandhi and Rajiv Gandhi. On each occasion India has stepped toward the brink of disintegration — and then stepped back. Rational Indians, whatever their religion, should realize that secularism keeps their country on the safe side of the brink.

- The Economist (London).

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Never Again? Beware, Europe, Cynicism Is Contagious

any more seriously than the other warnings we have given that we have

flaw in American policy in ex-Yugo-slavia. Early and repeatedly, U.S. policymakers have communicated to

the Serbian dictator threats that they

had no intention of carrying out. The

Bush administration has openly ad-

vertised its lack of political will to act

There are no easy choices. Aerial

assaults to punish the Serbs could well reinforce Mr. Milosevic's stand-

ing at home, endanger French and British troops on the ground and trig-ger bloodshed in the province of Ko-

sovo and a wider Balkan war. Those risks have to be weighed and action

taken to minimize them.

But George Shultz is right. Aerial strikes on Serbian military targets

must now be considered. The crisis in

Bosnia has reached a new, urgent

dimension, as a new American ad-

ministration comes to office. The

consequences of the world looking on

at barbarism and aggression on this

scale and seeming to react with indif-ference are damaging and destabiliz-

ing for all of Europe.

America and its allies should deliv-

This has been the fundamental

not been willing to back up."

in ex-Yugoslavia.

N EW YORK — The day will soon come when two groups of leaders are charged with crimes against humanity in Bosnia; the Serbs who kill Muslims or drive them from their homes, and the Western leaders who do little to stop this unspeakable brutality.

The Serbian policy of "ethnic cleansing" is worse than a crime; it is evil. The West's failure

If Europeans once again ignore genocide and evil and decline to be their brothers' keepers, Americans may not want to be Europe's keepers much longer.

to confront this evil is worse than a blunder; it is an abdication of our humanity.

We are speaking here not just of quagmires, but of our souls. For if we allow evil to triumph in ex-Yugoslavia, we will breed a cynicism so pervasive and profound as to corrode the very basis of Western liberty and smash every hope of fashioning a better world.

The West's faint efforts in Bosnia — refusing By Leslie H. Gelb

to arm Muslims for self-defense, but not defending them ourselves; banning Serbian flights over Bosnia, but not enforcing the ban; denying asylum to refugees, but failing to establish safe havens for them within Bosnia —

amount to unconscionable cynicism. It is as if we were given the chance to replay history and confront Hitler as his troops marched into the Rhineland in 1936 — knowing all we now know - and once again simply scolded him and shrugged.

To countenance genocide, and that is what the Serbs are doing, is to say that evil does not matter, that nothing matters, and that therefore

almost anything is acceptable.

Some of our ex-leaders see this with dagger-like clarity. Rallying to Margaret Thatcher's trumpet, Ronald Reagan recently told students at Oxford University, "Evil still stalks the planet." Of Bosnia he said: "Our multilateral organizations must declare ethnic cleansing and the slaughter of civilians by military forces unacceptable. And we must be prepared to put weapons behind our words."

George Shultz, his secretary of state, reinforced this point last week with barely con-

trolled rage: "When we say 'Never forget, never again,' what are we talking about? What is it that we shouldn't forget? Of course, the Jews in Germany, and, of course, what can happen if anti-Semitism gets out of hand. But more broadly we're saying, when forces of intoler-ance go wild you get a result that is basically intolerable. So if we say 'Never again,' it means

we say we shouldn't stand for that." But our present leaders do not agree. Listen to those who oppose stronger action in Bosnia. They say we cannot commit greater force there for "merely humanitarian" reasons. Listen

again: "merely humanitarian" reasons.
When we come to think of humanitarian concerns as "mere," we are arriving at the end of civilization.

Bush administration officials and West European leaders also tell us that sending 30,000 U.S. forces to Somalia is acceptable, although 'merely humanitarian," because the task there is "easy." On the other hand, they say that applying more force to stop genocide in Bosnia is "too hard" and will draw us into a quagmire.

This argument is both grotesque and absurdly misleading. Grotesque because combating evil cannot simply be dismissed as "too hard." The degree of difficulty limits what it is possible

By BAS to Techydrope

Athens. C&W Syndicate

does not alter the moral imperative for meaningful, uncynical action. Misleading because the real alternatives in Bosnia are not the present halfhearted relief effort and a quagraire. As Mr. Shultz argues — and he is no bleeding-heart liberal - Bosnia presents "a defin-

able, doable mission, and it doesn't involve getting into a swamp." The democracies can arm the Muslims, enforce the trade embargo and the flight ban over Bosnia, bomb Serbian forces in Bosnia and military targets in Serbia, threaten to arm Ser-

bia's opponents elsewhere in ex-Yugoslavia and provide safe havens in Bosnia. Most of these steps are beyond the vision and will of the departing Bush team. Bill Clinton leans toward more decisive measures, but his administration will not take hold for more than a month. That places the burden for immediate and strong action in Bosnia squarely on Europe. If Europeans once again ignore genocide and evil and decline to be their brothers' keep-

ers, Americans may not want to be Europe's keepers for much longer either. Cynicism is indeed contagious. Americans may come to believe that helping Europe through its latest continentwide trials is "too

hard" for "merely humanitarian" reasons. The New York Times.

Empty Threats Won't Stop Milosevic

WASHINGTON - George Shultz is a man of very few words. A former staffer describes the effect when Mr. Shultz was abruptly named to replace Al Haig as secretary of state in 1982: "It was like going from sitting on a couch beside a bottle of nitroglycerin that could tip over at any moment to sitting beside a vast, immovable boul-

der that grunted once in a while."

The boulder recently spoke, uttering rare public words of outrage and shame over the inadequate American and European response to the Serbian rape and destruction of Bosnia. Mr. Shultz's angry words must be taken seriously by all Americans, in-cluding those of us who had been understandably reluctant to support U.S. military involvement in the bit-

ter conflicts of ex-Yugoslavia. "We have empty threats and nobody takes them seriously," he said in a speech in New York last Monday. Speaking of Serbian military targets, he added: "We should be ready to take them out. We can do it." He called on the United Nations to investigate Serbian war crimes and "ethnic cleansing," which he com-pared to Nazi arrocities against the Jews in World War II.

But within 24 hours the United States was left without even the empty threats that Mr. Shultz had deplored. Meeting strong opposition from France and Britain, Washington backed off from its plan to seek yet another United Nations resolution to wave at the Serbian leader Slobodan Milosevic in the forlorn hope that this time he would listen to reason.

The British and French refused to go along with yet another empty threat that would irritate but not affect Serbian behavior. London and Paris seemed to be sending the same message to Washington that Mr. Shultz had voiced: The Bosnian

By Jim Hoagland

crisis has reached the time for the West to put up or shut up. America's policy of trying to contain the Serbs with words and a leaky embargo has failed in Bosnia.

Britain and France have 7,000 soldiers in the UN humanitarian force delivering relief supplies in Bosnia. Those troops are increasingly under siege from Serbian forces grabbing territory and terrorizing Bosnians before the Balkan winter limits the

Serbs' heavy war-making ability.
"I hope I get a lot of winter very soon," a British commander told a French general in a radio transmis-sion a few days ago, "because if I don't, I'm going to get a lot of Serbs." The Serbs are using helicopters to

evacuate wounded and to move officers and troops around Bosnia. Fixed-wing aircraft fly reconnais-sance missions. Intelligence reports show that there have been nearly 200 Serbian violations of the UN ban on military flights over Bosnia since the ban was passed on Oct. 9.

The U.S. proposal that was blocked in behind-the-scenes consultations with Britain and France centered on the no-flight zone. The United States wanted to ask the Security Council for formal authority to enforce the overflight ban. But at the same time American officials emphasized privately that they counted on the Security Council vote itself to pressure the Serbs into stopping flights. No deci-sion had been made by the Pentagon to shoot down Serbian aircraft even if

the resolution passed. "It was another example of containment through words as a substitute for containment through action," said an American official involved in the consultations. "There was no reason for Milosevic to take it

Better to Steer Clear of the Balkans T he only way to bring peace to Yugoslavia is to send soldiers there. These soldiers in effect will have to hold guns to the heads of the combatants and demand that they stop their slaughter. European and American leaders rightfully shrink from this prospect. They realize that enforcing peace on the

ground would take months of intense fighting and years of attrition.

Western leaders grasp that even when "peace" is won, it can be maintained only by troops indefinitely stationed between hostile tribes. These leaders understand that peace in Yugoslavia ultimately requires highly coercive measures, including the large-scale resettlement of minorities to create stable states. In short, these leaders know that ending the killing requires a savage war of peace, brutalizing to all concerned,

- Benjamin Schwarz in the Los Angeles Times. THE civil war in what was Yugoslavia is a religious war, deeply rooted in that most totalitarian of religions, Christianity, whose numerous sects often fight each other. Wisely, the United States does nothing. We are too poor and too far away to put an end to the fighting.

Also, we have quite enough race-class-religious wars here at home to keep us busy for another century. Now, of course, it is too late for us to influence great events in other lands. Time to detoxify our own garden.

By Stephen S. Rosenfeld

- Gore Vidal in the Los Angeles Times.

Z.N., aged 40:

er one final, credible warning directly to Mr. Milosevic, outside UN channels, calling on him to enforce a cease-fire in Bosnia and prevent anti-Muslim atrocities in Kosovo. The West must insist on Serbian cooperation in getting several thousand civilian observers into Kosovo and should begin organizing a much larger deterrent force to be deployed in neighboring Macedonia.

Would a serious ultimatum induce a change in Slobodan Milose-vic? Impossible to say. If he rejected it, the resulting air campaign would probably not save Bosnia. But it would go a long way to restoring and saving the sense of decency that George Shultz fears is being shred-ded by empty threats and Western

The Washington Post

Vicious Rape, Planned and Systematic

ZAGREB, Croatia — What is happening in Bosnia-Herzegovina to Muslim and Croatian women seems unprecedented in the history of war crimes. Women are raped by Serbian soldiers in an organized and systematic way, as a planned crime to destroy a whole Muslim population, to destroy a society's cultural tradition. al and religious integrity.

The numbers are chilling: In Oc-

tober the Ministry of Interior of Bosnia-Herzegovina estimated that 50,000 women and girls had been raped and many impregnated on pur-pose. It is feared that since then the number has risen even further. The ministry documented 13,000 cases. Journalists and feminists have interviewed women in refugee camps in Croatia. Through their stories, the world has discovered the tragedy.

In the civilized world rape is a crime. Mass rape is a method of geno-cide that should become a war crime and he outlawed in international conventions. The lives of tens of thousands of women have been destroyed; the world owes them at least that The following are victims' accounts.

As soon as Chetniks [Serbs] came into our city, they selected women, children and the old people; men with an excuse that they were mobi

By Slavenka Drakulic

lized. They put hundreds of us in a school in Doboj and they turned it into a kind of camp. Our Serbian neighbors locked us in. I knew many; they used to visit our house. Ifollowers of Milan Martic, a Serbian leader] came in with guns and selected younger women and girls. They put them in the hall and told the Chetniks to do with the women

what they pleased. There was silence. Then the crazy. dirty, stinking Chetniks jumped at the women like animals; they tore off their clothes, pulled their hair, cut their breasts with their knives. They would cut the belly of the women who were the traditional Muslim baggy trousers. Those who screamed would be killed on the spot.

In front of a few hundred prisoners they raped and tortured women and girls for days. It was unbearable to watch girls being raped in front of

their fathers.

In the evening, after heavy drinking, the Chetniks would come in the hall with lamps. Stepping on us, they would look for girls, not older than 12, 13. The girls cried, holding on to their mothers. As they were taken, pieces of their mothers' clothes remained in their hands. While doing that, the Chetniks would shoot at us Later they would leave the girls'

dead bodies in the hall, so we had to see them. We cried until morning. Then they would throw the bodies in the river. Every day the same picture was repeated; they would rape and kill in front of hundreds of us. Once a young women with a baby

was taken in the middle of the hall. It was in June. They ordered her to take off her clothes. She put the baby on the floor next to her. Four Chemiks raped her; she was silent, looking at her crying child. en she was left alone she asked if she could breast-feed the baby.

Then a Chetnik cut the child's head off with a knife. He gave the bloody head to the mother. The poor woman screamed. They took her outside and she never came back.
I was raped and tortured, too,

because they knew that I am a wife

of a leader of the Muslim party. My neighbor tortured me the most, the one my husband respected as his

By the end of June, Chetniks brought another neighbor of ours and with a gun pointed at him they forced him to rape a 14-year-old girl. e stood tren with fear. Then he turned to a Chetnik he believed was a leader and said: "Don't make me do it. I have known her since she was born — her father and I drank to her birth."

They beat him in front of us until he died. It was an example to the other Serbs that there is no pity, that one must do what leaders order them to do.

In August some prisoners were exchanged, including me and my sons. Many women and girls who were pregnant remained in the camp. They were transferred to a hospital and fed twice a day because, as the Chetniks said, they had to bear their offspring.

E.N., aged 14: That commander was a big, fat, dirty old guy. He had gray hair with a white tuft at his forehead. He stank of brandy, really stank. He had a mask on. He nodded toward me and ordered me angrily to stand up. We went in one room; my legs trembled, I couldn't walk at all.

He then pushed me, but I trembled terribly and inside me everything trembled. I thought he would slaughter me and I couldn't even pray.
"Please, don't" — I beg him. Then he pushed me, hit me and threw me on a bed, tore off my dress and hit me again. He put his hand over my mouth. I screamed again. He hit me: he shouted at me.

E.N.'s mother: I heard my child screaming. She called for help. I heard his grunting, his howling. My womb hurt as if someone is pulling it out. My mind darkened, but there was nothing I could do. My child was suffocating under his list. I heard him: "Is it good, you dog? He repeated the question until she nodded yes. He asked if she wants more. I heard her pleading. "Please, don't" He went out of the room and said angrily to me, "Don't let anyone

touch the little one." The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Russia and Rome

ROME - Relations between the Vatican and Russia have become ex-tremely cordial. The visit of the Grand Duke Sergius to Leo XIII was a symptom of this friendliness, and the goodwill of the Vatican towards the Government of the Czar has not been confined to words, but it has found practical expression in a brief addressed to the Polish bishops, in which they are exhorted to abandon and discourage insurrectionary tendencies, and to submit to the will of Providence which has made them subjects of the czar.

1917: Jerusalem Waits

LONDON -This is Berlin's report of the fall of Jerusalem: "Jerusalem has been evacuated. The most important reason for the decision to evacuate it voluntarily was the fact that no nation in the world which believes in God could wish its sacred soil to be a scene of bloody battles. The keeping of a

town, worthless from a military point of view, was of no importance in comparison with this consideration."

1942: Vichy Collaborates

LONDON — [From our New York edition:] Marshal Pétain has agreed to Führer Hitler's proposal to raise a new French army, Vichy and Berlin radios announced today [Dec. 13] as the Fighting French at London re-ported Hitler had ordered 400.000 French workers conscripted for war work in Germany. Both steps indicated closer co-operation between Germany and the French government of Petain and Pierre Laval. Berlin radio also announced a press conference held by Laval today in which he for the first time outlined a big program, which included new anti-lewish measures and other steps to put France in line with Hitler's new order. Laval: admitted that "a lack of understanding shown by the public opinion in France still is forming a wall of separation between France and Germany."

Cold War mission of peacekeeping and humanitarianism and by remode we created the monster, the education in Somali politics proceed leasing the military's brake on risk deposed strongman Mohammed at a pace suitable to American politi-cal requirements, and to Somalia's? in this particular case. On the eve of the intervention,

General Powell laid out his rationale in Foreign Affairs magazine. His prescience does credit to an uncommonly political soldier. "political" meaning global and Washington at the same time.

happen by endorsing a rew post-

Only last year General Powell was dismissing the very idea of spelling out how American power would be deployed. The Gulf War had left him saying giddily that it was enough for the United States simply to be a superpower. He was impatient at the thought of defining specific standards for military inervention. But he has since addressed these esemblal questions, in part to fill a Pentagon requirement for military missions ample and

popular enough to justify a budget. Now there are standards for weighing post-Soviet regional contingencies. Is the political objec-tive of intervention clear? Have nonviolent alternatives been tested? Will force do the job? Are the risks acceptable? In Somalia, not all these stan-

dards have been fully met. General Powell is good at charts, and his statements hint of no doubt. But it seems to me that in his strategizing he did not factor in the wave of compassion that images of Somali suffering generated and that in turn nourished George Bush's readiness

WASHINGTON — Somalia is Currents flowing from a lameduck, foreign affairs president's much as anyone, he is its author as well as its executor. He made it vention, in short, was rushed. Still, it is worthy. We Americans should not strut. In our Cold War

Trying a Powell Doctrine in Somalia

Siad Barre, who hollowed out So-mali society and spawned the pre-vailing anarchy. But we can be discreetly proud of this first use of force for humanitarian purpose in a region of no strategic significance to the United States, A Republican administration, no less, is setting a historic example to assert a starving people's right to food.

Some Americans warn that one, two, many unhappy Somalias are coming. More hopeful, others see either a global precedent of humanitarian intervention or a regional pre-cedent in bailing out the depressing number of misgoverned African states that, off camera, look to be following Somalia down the tube. As a practical matter, given the sound reasons for attempting just

one difficult thing at a time, the odds are that other such interventions will not be seriously considered at least until the results of Somalia are in.
Inside Somalia the United States has set itself a delicate task: to see

to it within just a few months that the guns fall silent and that starving people are fed, but to hand off political reconstruction and nationbuilding to the United Nations. General Powell calls for "careful matching" of the use of force to the political objectives.

This leaves tough questions. With the high cards - lirepower and food to intervene. — in American hands, how are
Nor did he factor in the subtle — Americans not to exercise prepon--- in American hands, how are

about disarming gunmen, an un-avoidably provocative act by which uninvited foreigners forcibly strip Somali citizens? How do you cut loose, under conditions that deter early appeals to return, in the allot-ted few months? Can Americans' Some encouragement can be taken from the state of affairs described

derant political influence? What

in the press: the old government disintegrated and warlords and bandits running free. But there still exist regions of relative order, and the former UN representative, Mohammed Sahnoun of Algeria had already begun knitting clan elders and some national-minded figures into a political process. Secretary-General Butros Butros Ghali, by the way, should swallow the United Nations pride at being criticized by a hired hand and put Mr. Sahnoun, an international resource, back on the job. I take further encouragement

from General Powell's appointment of an independent-minded Somalia hand, former Ambassador Robert Oakley, to guide him through the political shoals. Mr. Oakley will advise not just on getting the American military into place but, presumably, on launching a Somali peace conference. He took part in a U.S. Institute of Peace study group including prominent, consens ing Somalis this fall.

General Powell won new respect for his role in preparing and overseeing the military forces that took part in the Gulf War. Now he takes on a ion that is comparatively simple militarily but politically extremely demanding. He and practically nobody eise is making the end of the n administration interesting. The Washington Post,

مدردا مسرلامل

OPINION

EW YORK — In light of the wave of approval for the dispatch of American combat forces to Somalia, it may seem churlish to voice reservations. The objective is noble and some kind of international action is appropriate. What is questionable is the timing and the unilateral nature of the American role in a continent heretofore free of American military presence.

Normally, one would not expect an enterprise with such potentially longterm consequences to be launched in the last five weeks of a presidency. The president-elect is as yet without a na-tional security team to help him make his own assessments. His entourage has been careful to note that although he is supportive," he did not participate in the actual decision. He will therefore inherit commitments that he has had no part in shaping - not the ideal mstance for a sustained effort

should anything go wrong. It is unlikely that the mission assigned to the expeditionary force can be accomplished as quickly or as smoothly as administration briefings foresee.

According to General Colin Powell,

the Pentagon envisages a two-phase oper-ation: First the U.S. forces are to create a secure environment, then a multinational United Nations force will protect it. That

first stage could be prolonged.

One must hope that the forces described as bandis in the media do not keep abreast of American public discussion. They may decide to he low, neither harassing nor disarming, hide their weapons or take sanctuary in Ethiopia and face America with the dilemma of withdrawing prematurely or continuing what may then be an open-ended commitment.

To escape this dilemma, the U.S. force will almost certainly try to force the various armed groups to disarm — as some administration spokesmen have already indicated. This could turn into a messy affair with significant casualties, especially on the Somali side.

When blood has been shed, support for the American military action may evaporate, especially in Africa. Former colonies have developed an allergy to anything that smacks of the "civilizing role" that European empires claimed for

As difficult as establishing the dividing line between the security function and its follow-up will be making the crucial dis-tinction between humanitarian efforts and the civil conflict over who controls Somalia. Civil wars are about the distribution of power, physical and political. The process of disarming will by definition affect the relative position of key competitors for political power — as we have learned again in Cambodia.

Should disarmament go as planned, some sort of governing structure possessing preponderant power must be left in place. All this obliges the United States to understand Somali conditions well enough to manage the situation in a way capable of achieving an international, especially African, consensus,

But can Americans possibly know enough? And if the key challenge is

By Henry Kissinger

Humanitarian Intervention Has Its Hazards

political, why should America choose to The Bush administration would have play that role alone or be the only coun- been well advised to sacrifice some militry to run significant military risks? tary efficiency to wider political backing, Intervention in the civil conflict seems but two factors inhibited it: the new Peninherent in the U.S. role, Food will have tagon approach toward military intervento be distributed, a process in which some groups of Somali officials must be tion which says that never again must American military power be vitiated by involved. These will automatically re-ceive an edge in establishing political domination afterward. political restraint; and another new philosophy that differentiates between hu-

tegic war there is a concrete enemy, and victory has some fairly precise defini-

tion. In Somalia the enemy is more elu-

sive: hunger and chaos, the solution to

tiveness was reduced by domestic and

international inhibitions; in Somalia the

risk is the conosite - turning a humani-

tarian enterprise into an essentially

intervention" is based on the proposition that, the end of the Cold War having

removed the strategic threat, traditional

military operations become much less im-

portant. Moreover, so the argument goes, excessive concern with security led to strategic overextension and an illusion of

American omnipotence. Therefore in the post-Cold War world the United States

Once media and other observers de-The military view that, once emscend on the scene, they are certain to ployed. American force must be overfind conditions deeply offensive to the whelming reflects the supposed lesson of Western sensibility. They will urge a whole variety of initiatives, from ending Vietnam. It has much merit, but it must also be said that in Vietnam the military corruption to the administration of juscontributed to their own frustration by a misconceived military strategy.
In any event, the lessons of Victnam tice, that make eminent sense in the Western context. None can be accomplished without greater intervention. or Korea cannot be transposed literally to humanitarian intervention. In a stra-Sooner or later, no matter how well-

can support for the operation.

If the Somali bandits are so poorly which has a much longer time frame. In Vietnam, American military effecarmed, why was America's technological and military superiority so crucial? The United States may be the only country with sufficient modern equipment for rapid intervention, but this, involving mostly transport, could have been put at American military effort disconnected the disposal of other countries. from political realities.

The new doctrine of "humanitarian

intentioned, such conduct will begin to

grate on African sentiments that in turn

will tend to undermine domestic Ameri-

Since reform depends on moral issues which are presumably of universal validity, why were no other countries in-volved in the first and most complicated phase, in particular the Organization of African Unity? The Bush administra-tion would have been far better off to gear the intervention from the beginning to what is now conceived as the secondstage multinational force.

manitarian and strategic intervention.

Whenever American lives are at stake, so is a conception of vital interests — or else the sacrifice mocks the anguish of

We must not pretend that America

fights where it has no strategic interests.

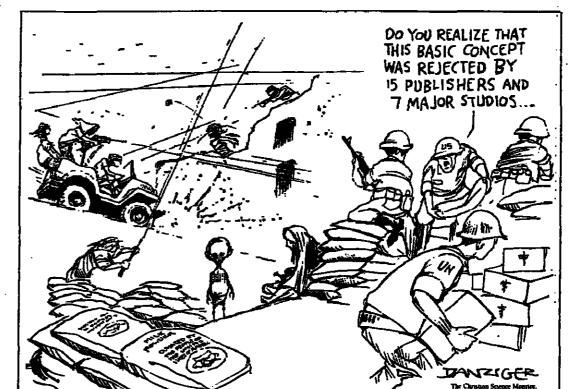
ually as overwhelming as the threats of the Cold War were. In Kuwant the United States resisted because George Bush concluded that the consequences of submission would ultimately lead to far greater American sacrifices. As the '90s progress, comparable judgments will be increasingly required on as yet unforeseeable issues. If the United States wants to avoid the extremes of overextension or abdication, it

would be well advised to fight primarily for humanitarian and moral values, and not simply for its own interests.

In fact, moral purpose has been an integral part of the motivation of every American war in this century - from the "war to end all wars" in 1917, to resisting totalitarian evil in World War II. to the fight against Communist aggression in Korea and Vietnam. From Woodrow Wilson through George Bush, the altruistic aspect of American foreign policy has been a dominant presidential theme. The new approach claims an ex-tension in the reach of morality, not in the significance attached to it.

bereaved families. The world of the '90s demands of America a new definition of vital interest, strategic as well as moral. In the traditional world of geopolitics, there is no longer a danger of an imme-diate, almost measurable peril. But there remains the historic danger of a gradual transformation of the security frame-work through a cumulative series of steps, none of which will appear individ-

such a set of propositions. must develop new criteria separating challenges affecting American well-being



and security from those which, however

unpalatable, cannot have that impact.
"Humanitarian intervention" asserts that moral and humane concerns are so much a part of American life that not only treasure but lives must be risked to vindicate them; in their absence, American life would have lost some meaning. No other nation has ever put forward

tarian intervention therefore involves an

even greater danger of overextension and of assuming the role of world police-man. For if it is appropriate to use American forces for humanitarian purposes in Somalia, why not elsewhere? The American foreign policy trauma

of the '60s and '70s was caused by applying valid principles to unsuitable conditions. Care must be taken not to repeat the same tragedy in the '90s with a wider set of equally important principles.

for themselves a doctrine of universal unilateral intervention, all the less so as they cannot want to encourage some future rogue nation to decide to use the slogan of "humanitarian intervention" for expansionist designs,

Moral claims can be asserted as a national prerogative only at the cost of long-term domestic and international support. It will be difficult to persuade the American people indefinitely that they have a greater responsibility for starvation in Somalia than the Europe-an nations and those of Africa itself. These must be prepared to help by providing political backing and mili-tary forces. American unilateral intervention should occur only when all alternatives for genuine international action have been exhausted, and if the cause permits no other remedy.

Even then, American military actions cannot be successful or sustainable if they are divorced from political realities. With respect to Somalia, this leads to three conclusions:

 Unilateral American security operations should be terminated rapidly.

• The first- and second-stage military contingents in Somalia should be merged

from the beginning, with the American component reduced to reasonable proportions within a short, fixed time frame. • The political aspect (anything bearing on civil administration) should be

internationalized quickly and fortified with a significant African component. More than two decades ago, while I was discussing extrication from Vietnam with an acquaintance, he told me the story of a Russian peasant who came running into his village to get help for a man stuck up to his ankles in mud. When told that this did not sound too serious. he replied, "But he dived in head first."

Vietnam, Lebanon, Gulf — but Does Anybody Remember Munich?

By William Pfaff

P ARIS — Policymakers think in metaphors, and for American interventions abroad the metaphors are few: Vietnam, Lebanon, the Gulf. Each is supposed to supply something useful in making decisions about Somalia and Bosnia—or Azerbai-jan-Armenia, Cambodia, Burma, Sudan, Liberia, not to speak of Mozambique. Now the United Nations secretary-general, Butros Butros Ghali, has asked for troops to put up the United Nations'

colors and keep the peace in Macedonia.

Consider the metaphors. For Americans, Vietnam means unresolvable entanglements in another country's violent internal political struggles (or its revolution). Lebanon means the same thing, except that the internal conflict was religio-political this time, and the United States put itself into a situation where four other uncontrollable actors determined what would happen: the Palestine Libera-tion Organization, Israel, Iran and Syria.

The rationale for the intervention in Vietnam was to save South Vietnam from Communist aggression. Unfortunately, there was no aggression; there was insurrection. North Vietnam was not a foreign power; it was that part of the Vietnamese nation which had first expelled the foreigner. China had no decisive role in Vietnam, contrary to what stubbornly was insisted in Washington. The lesson that ought to have been learned was not to think ideologically.

The Gulf War was a clear case of aggression. U.S./UN intervention reversed the aggression, even if the aggressor regime comfortably survived. The lesson confirmed at the Pentagon was always to use overwhelming force, and the lesson drawn at the White House was not to stop before overturning the

aggressor government. However, the reason the United States did not go on to try to impose its will on Iraq's political society was that the White House had learned the lessons of Vietnam and Lebanon. No sensible operational rationale was ever offered for the American intervention in Lebanon in 1983, which produced the death of 241 marines at the hands of Islamic fundamentalists. The lesson the military learned from the experience was never to permit their security to depend upon others, and

always to demand clear-cut objectives.

The latter are not always available, however. The American objective in Somalia is to "restore hope." What does this mean in tons of food delivered, medicines administered, roads opened (to be kept open), clausmen disarmed, infrastructure restored? How will restored hope last beyond Jan. 20 if the United States or the United Nations do not recreate some kind of Somali political authority?

And how is that to be done? The Somalia problem is anarchy. Starvation is due to chaotic clan

kans. Why is the lesson of Munich not respected?

The thing about lessons from the past is that they conflict. The situation bears a superficial resemblance to Lebanon, but a misleading one in that the Lebanese factions all were purposeful, disciplined and rational within their own terms, and none of this is true for the Somali clans.

The United States has intervened in the belief that it can deal with the starvation and ignore the anarchy. This is unlikely to prove to be true. The other African societies that are candidates for intervention are in much the same condition of political and social breakdown. People are hungry. They need government, police and public order, constructed economies and agriculture. Mr. Bu-

tros Ghali is one of the few who are interested. Elsewhere atrocious crimes invite intervention: "ethnic cleansing" in Bosnia and Croatia, and the beginnings of it elsewhere; Saddam Hussein's war on Kurds and the Shiite Marsh Arabs of Iraq; governmental persecution of tribal and political minorities in Burma, etc.

New aggressions await rectification. Serbia's invasion of Croatia and Bosnia-Herzegovina, after each had been duly recognized by the inter-national community, was little different from Iraq's invasion of Kuwait. New acts of international aggression appear to be imminent in the Balcan be used to justify inaction more readily than action, since the past is complex and its contradictions are apparent. The lessons of Vietnam and Lebanon are of the frustration or defeat of inter-ventions. That of the Gulf is of an intervention's limits. But another lesson, not least that of World War II, is of the terrible consequences of inaction and the evasion of responsibility. America is in Somalia because it does not wish to

be elsewhere. Americans have persuaded themselves that it is an easy case for intervention. It is true that decisions concerning military interventions cannot be made in terms of universally valid principles. There are important issues of physical and political practicality, as well as of simple prudence. There is a nit to what can be done for others.

However, the limits currently observed in the United States, and in the West as a whole, seem exclusively those determined by domestic political advantage and the desire to avoid political risk. This is not pragmatism but a form of moral as well as political abdication. And it is precisely for this that history eventually imposes a sanction, a terrible one. That is the final lesson.

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simply sold to Japan. "The Queen and I," Sue Townsend's comic nightmare, or dream, about the royal family joining the common herd, has topped the best-seller lists since it

Miss Townsend has been one of Britain's leading humorists since she published the first of a series of fictional diaries by a spotty adolescent named Adrian Mole in 1980. She began researching "The Queen and l" two years ago.

"I think you write out your obsessions, and my obsession is class," says Miss Townsend, who describes herself as a working-class republican. "The royal family epitomizes - they don't epitomize, they are - the top of the hierarchy, which means that everyone else goes down. I don't object to them so much, I don't object to them at all as people. It's the people further down who actively enjoy keeping the class system and get major benefits from it."

By the time her fantasy was published, the royal family had begun to self-destruct while the press bayed (she had to cut the Duchess of York, the former Sarah Ferguson, out of the book and have Prince Andrew absent on a submarine under a polar ice cap). Miss Townsend thinks the change can be traced to the palace-commissioned BBC television documentary about 15 years ago which, with its famous scene of the queen dipping her finger into barbecue sauce, was intended to show the royals as ordinary people.

"You can't have it both ways, you just can't," she says. "You can't be a human being and a god. I think they just didn't think it through." In the book, someone asks what the royal family is

for if they are just going to be like other people?
"They're for themselves," Miss Townsend says. "I think they're entitled to live. None of us can help the families we were born into."

The book asks why the royals should be an icon of the Britain that was rather than a part of the shabby Britain that is. Mrs. Windsor is admirably doughty and able to cope, and to Miss Townsend's surprise monarchists have praised the book. Her hope was that if readers began to look at the royals as human beings, they would see the poor living on council estates as

human, too. 'They're not lazy slobs," she says. "They work so hard, obviously not in paid employment, but in surviving. There's always someone lying under a car in the freezing cold trying to coax it into going just one more

time. It's bloody hard work trying to survive." Miss Townsend has lived on a council estate, and her office overlooks Saffron Lane, the model for Hell Close. She has friends on the estate, does her shopping there, helped close the local school, which had the highest truancy and illiteracy rate in the country, and

worked there for four years on an adventure

playground.
"We turned it into the countryside," she says. "We imported earth, we made hills, the children made tree houses. There were bonfires day and night, enormously useful for cooking food and boiling kettles, and at night giving that wonderful opportunity to be hypno-tized — 10 stand and talk while looking into the flames." Since the Children Act of 1989, bonfires have been banned and children can no longer handle hammers and 6-inch (15-centimeter) nails.

"There are indoor buildings now," she says, "they can paint and model, but they can't get to grips with the air and the fire, the height and the wind.

Miss Townsend, 46, is a warm and level-headed woman who has always lived in Leicester, a town now fading as light industry wanes. Her husband is a canoe builder, both her parents were bus conductors. Her living room is filled with the books one might find in Hampstead, but despite her success with the Mole books, which have sold more than 7 million copies worldwide, she says the literary establishment has only taken notice since "The Queen and I."

"I think it gave them permission to see me as someone who wasn't just an oik who wrote a comic novel about a little boy," she says. "They're a bunch of bloody snobs, too."

If she follows the native tradition of domestic comedy about unconsidered people, she is not amused by the illusions and tiny embarrassments of class but ourraged by its exclusions. "The Queen and I" shows no anger to the royal family but a great deal against an

uncaring government. A previous book, "Margaret Hilda Roberts and Susan Lilian Townsend," was the fictional diary of Margaret Thatcher as a girl living in her father's grocery in Grantham.

"It was about how her father cheated people in his shop — he was well known for watering down the lemonade and adding chalk to the flour," she says. "Another thing that struck me about Margaret Hilda was that she had no friends to walk to school with. She always walked on her own, and that's very unusual, isn't it? She wasn't at all popular, she was disliked, actively disliked by the teachers as well. She was top of the class in every single subject except art, and she also volunteered for extra duties at lunchtime, which she considered a waste of time as well. Incredible, really. As a child, Miss Townsend played in the country-

side around a derelict manor house. The manor house is gone, replaced by a home for juvenile delinquents.
"I took my kids there because there was a brook, and a car had been driven into that brook and bags of garbage had been dumped into this brook that we used to drink from," she said. "My kids played on the abandoned car quite happily, but it was a sad moment for me, watching my kids jump up and down on the roof of that car."



Princess Anne and Commander Timothy Laurence driving away after their wedding in Scotland.

A Royal Remarriage, Quietly and Privately

By Eugene Robinson Washington Post Service

EDINBURGH - Princess Anne has remarried in a brief private ceremony attended by friends and family.

The princess, Queen Elizabeth II's only daughter, went to Scotland to marry Timothy Laurence, a navy commander, because the Church of England, of which the queen is titular head, does not condone second marriages. Princess Anne was divorced from her first husband. Mark Phillips earlier this year.

The wedding on Saturday at Crathie Church, near the queen's castle at Balmoral, ended a tumultuous week for the royal family. On Wednesday, it was announced that Prince Charles, the heir to the throne, and his wife. Diana, were separating after 11 years of marriage.

The assembled royalty - minus Diana, who sent good wishes but pointedly stayed away - appeared less than festive, certainly in no mood to accommodate the photographers and well-wishers who had stood for hours along the road leading to the church in hopes of glimpsing the bride

The royals sped past in Land Rovers until they were safely beyond the police barricades. Coverage of the ceremony was limited to a few eporters acting as a press pool, frustrating photographers who had padlocked their stepladders in place overnight to reserve the best vantage

Observers said the family decided to keep the wedding low-key - no pomp, no circumstance, a simple white suit instead of a long wedding gown — to avoid highlighting the fact that the couple was having to go north of the border to find a church that would marry them.

The groom, 37, is a former royal aide-de-camp who holds a position

with the Defense Ministry. The princess, 42, is regarded as one of the hardest-working of the royal family.

The couple announced no plans for a honeymoon, and Princess Anne was scheduled to be back making royal appearances on Tuesday.

Liechtensteiners Vote Heavily to Join Europe Trade Group

By Brandon Mitchener International Herald Tribune

Liechtenstein broke its traditional ranks with Switzerland on Sunday and fell in line with the rest of Europe, voting clearly in favor of a treaty on greater economic and po-litical integration that Swiss voters have rejected.

With 87 percent of the tiny Alpine principality's 14,000 eligible voters taking part, 55.8 percent, or 6,722, cast ballots in favor of joining the European Economic Area and 44.2 percent, or 5,322, against.

Last week, Swiss voters rejected the treaty by 50.3 to 49.7 percent.

Liechtenstein's voting districts suptreatly by 50.3 to 49.7 percent.

Liechtenstein's voting districts suptreatly by 50.3 to 49.7 percent.

Liechtenstein's departure from the results of the Swiss plebiscite is a major step for the so-called "Lindle," or little land, which pays its bills in Swiss francs, lets Swiss gnards patrol its border with Austria and has Swiss diplomats defend its interests abroad.

In Vaduz, Prince Hans-Adam II. who campaigned for approval, said he was surprised and overwhelm by the "self-assured" outcome of the referendum, in which all 11 of

posed free-trade zone encompass-year-old free trade agreement bars ing 18 European nations and 380 trade pacts with third parties. million people.

"There won't be any customs cabins along the Liechtenstein-Swiss border," the prince said, to reassure those citizens who, afraid for their country's future relations with Switzerland, voted against the

ceived assurances of goodwill from Switzerland, which effectively had

ported the economic area, a pro- vote because the two countries' 70-

"It was relatively important for the favorable outcome of the referendum that we promised not to exchange more integration with

wanted it, too," he added.

rope campaign of the prince and parliament, which included a television appeal on Tuesday, apparently helped sway many initial opponents of the treaty.

Gunther Meier, editor in chief of the Liechtensteiner Volksblatt newspaper, said another major fac-tor in Liechtenstein's vote in favor of Europe was Switzerland's public soul-searching in the week follow-

wanted it, too," be added.

Swiss were happy with their decision," Mr. Meter said.

eryone's wishes at home."

Maybe; maybe not. A leader of

the Danish political opposition

told reporters in Edinburgh that

the seven-party coalition that for-mulated Denmark's demands was

falling apart and said the same groups that fought to defeat the

original referendum would do so

Once the Danish question was settled to the satisfaction of Com-munity leaders, though, they

turned their attention to money -

always a sore point in any family.

The argument lasted all day Satur-

Mr. Major came into the summit

meeting trying to freeze the EC budget ceiling for three years and hold the spending line at 79 billion Ecus in 1999. He locked horns with

Prime Minister Felipe González of

Spain, who the Spanish press had already dubbed Robin Hood for

his tough campaign to take money from the rich members of the Com-

Chancellor Kohl, the EC pay-

day and into the night.

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European Economic Area. Liechtenstein has already re-

Brunhart said. "The Swiss can't hold this against us, because they

Europe for less integration with Switzerland," Prime Minister Hans

ing its own referendum. Last week we saw that not all

SUMMIT: Its Internal Rifts Settled, the EC Confronts Even Stiffer Tests Denmark," Prime Minister Poul Schluter said. "We are meeting ev-

fund of 2 billion Ecus. Commission officials, relying on sketchy projec-tions, contended that the two funds could generate total investment, primarily in transportation and telecommunications, of as much as

30 billion Ecus. Meanwhile, there was no serious discussion, officials said, of the role played by the Bundesbank's high interest rates, largely caused by Bonn's poorly financed German unification scheme, in stunting Eu-

ropean economic growth. Nor was there any debate over the fundamental conflict between the need to spur revival, which would probably require at least an initial boost in government bor-rowing, with the austere budget criteria embodied in the Maastricht

agree To Europe's beleaguered political leaders, particularly President François Mitterrand and Chancellor Helmut Kohl, the key objective of the summit meeting was to keep alive the drive to ratify the Maas-

trict treaty. With the help of what Mr. Delors called "extremely subtle" diploma-cy by the British, who will hand off the revolving six-month EC presi-dency to Denmark next month, they succeeded in keeping Copenhagen and London on board. Bu this was done only at the price of acknowledging tacitly that Europe is most likely to proceed into the future not just at two speeds but

along a multitude of different tracks. Moreover, after Europe's savage currency crisis this fall, the treaty's tion was clarified in a "legally bindcentral objective --- the rush to create an economic and monetary union before the end of the decade

empty shell.
To persuade skeptical Danes to take a second look at the Masstricht treaty so that all member states can sign it together, Denmark's right to stay out of defense matters, monetary union, common with EC leaders at a dinner aboard EC citizenship and police coopera- the yacht Britannia on Friday

Highlights of EC Summit

EDINBURGH - Following are the key decisions of the EC summit DENMARK: Agreement to exempt Denmark from key aims of

the Maastricht treaty on political and monetary union — a single currency and a common defense — clearing the way for second Danish referendum next year to reverse rejection of treaty. BUDGET: A seven-year budget deal freezing the ceiling on EC resources at the present 1.2 percent of Gross Domestic Product for two years, with phased increases to 1.27 percent by 1999. A fund for the four poorest EC states — Spain, Portugal, Ireland and Greece—worth 15.15 billion Ecus (\$18.8 billion) over seven years. Total

spending on those four will double.

ENLARGEMENT: Negotiations on EC membership to open after Jan. 1 with Austria, Sweden and Finland. Talks with Norway to

start later next year.

ECONOMIC GROWTH: An initiative to stimulate growth through funding infrastructure development worth up to \$37 billion via a new lending facility at the European Investment Bank and a

SUBSIDIARITY: New procedures to apply the principle of subsidiarity, under which the EC acts only when member states cannot achieve the goal as well themselves. The EC Commission suggested withdrawing or cutting down some laws.

TRANSPARENCY: Some ministerial meetings will be televised and details of water will be applied to the control of the contr

and details of votes will be published. EC laws will be made clearer

SITES OF INSTITUTIONS: The sites of existing institutions were confirmed. Countries that do not already have an institution will have priority for new ones whose locations are undecided.

MEMBERS OF EUROPEAN PARLIAMENT: Germany will receive 18 more members to take unification into account. Most

other countries will receive smaller increases. YUGOSLAVIA: Leaders increased pressure on Serbia and Bosnian Serbs, condemned the systematic rape of Muslim women in Bosnia, offered Macedonia economic aid but not recognition under its present name, in deference to Greek objections.

ing way." But the fine print is confusing; union before the end of the decade the agreement cannot be tested in appears to be little more than an any court, and the Danes still must vote again in another referendum

ted to be held in late April or early May.
Unlike the Prince and Princess of Wales, who met along with other members of the British royal family

night, the Community wants above all to avoid the pain of a public

separation. "It would be a very complicated divorce," Foreign Minister Uffe El-lemann-Jensen of Denmark said on Friday before the agreement was completed, "with a lot of fighting over furniture and children." Once the deal was done, on Sat-

joyed. "This is a great day for future,"

master, urged Britain to compromise with Spain. And finally, a deal was complete. The Community set an overall limit for 1999 of 80.6 billion Ecus, or 1.27 percent of its projected eco-

munity to give to the poor.

nomic output, down from the 83.6 billion level originally wanted by Mr. Delors. The Community's Poor Four will receive over seven years a total of 15.15 billion Ecus in "cohesion

funds," designed to help ease their transition to monetary union. When the marathon day of wrangling was finally over, EC leaders acknowledged that it had been a hard-fought struggle but said it had

"It was a very difficult road to the conclusion," Mr. Kohl said. What the Edinburgh meeting pro-

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been worth the pain.

urday morning. Danish govern-ment leaders were clearly over-clear signal of confidence for the

INTERNATIONAL RECRUITMENT You will find below a listing of job positions published last Thursday in the International Herald Tribune under the International Recruitment Feature

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	DIRECTOR OF THE OFFICE OF PUBLIC NFORMATION/Paris	UNESCO (United Nations Educational Scientific and Cultural Organization)
T	EGAL ADVISER/SPECIAL ASSISTANT O THE MANAGING DIRECTOR (P-5)	The Common Fund for Commodities
.] Al	NTERPRETES E INTERPRETES ADJUNTOS DE LINGUA ORTUGUESA/Bruxelas	A Commissão Das Comunidades Europeas
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EC Unity / The Way Ahead

A Major Milestone On a Lengthy Road

"The completion of the internal Market Program in seven years constitutes a remarkable achievement," says a statement by two of the EC commissioners most responsible for the success of the project, Martin Bangemann and Karel van Miert. "Yet," they add, "January 1, 1993 is not simply a finishing line. It is rather a signpost to the way

It is an incomplete triumph. One takes a train from Paris to Brussels without producing a passport or meeting a customs official, but arriving by air in Britain is a different story. There are many things to be tidied up - both technical matters, like the level of value-added tax on precious metals, and emotional issues like the import of pets Into Britain or the famous German banana Issue.

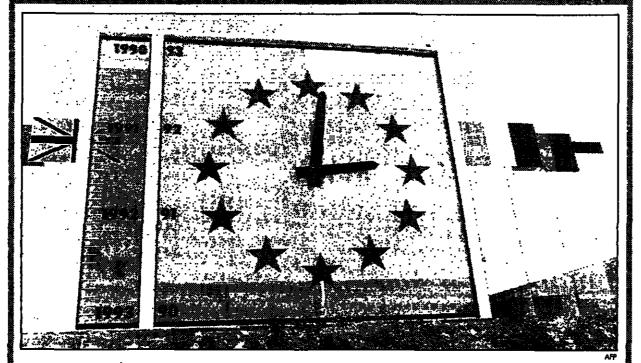
But there is no doubt that the mechanism is in place. Before the Edinburgh summit, 92 percent of the legislative program had been completed, and it was expected to reach 95 percent by the end of the year - a vast body of legislation that has been described as the biggest democratic law-making program in the history of civilization. The Edinburgh summit last week had a right to be self-congratulatory as well as a need to make sober and careful plans

Nor is any there doubt about the single market's welcome from industrialists and business people who deal in and with Europe. "What has been achieved is truty remark-able," says Julian P.R. Oliver, chairman of the EC Committee of the American Chamber of Commerce. "It will make life easier for us in many respects."

These accomplishments have not come without some sour notes. "In many respects, there will not be a single market on January 1, 1993, or for a very long time afterwards," says a statement by the consumers' group BEUC (Bureau Européen des Unions de Consommateurs). The group is worried that the rights of consumers are inadequately protected. "There is a danger that the single market will develop as a single market for producers and suppliers," it says. These criticisms are being contested.

The commission itself, in a progress report issued in September 1992, has no doubts. "It is fair to say, in view of the decisions already in force, the economic framework for the single market is now in place, with people, goods, capital and services able to move around freely either on the basis of harmonized or common rules or on the basis of mutual recognition." The report adds that the changes have "permitted a fundamental modernization of the environment for companies tavorable to their competitivity on the European and overseas markets" and that the changes

Continued on the following Pages • • •



1992: The Culmination of a Series

ed European market by the end of 1992 was "one of the boldest and most far-reaching socio-economic experiments in modern history," according to an article published on March 25, 1988 in the first of the international Herald Tribune's series of advertising sections on 1992 — The World's Rendezvous With Eu-

This is the 32nd installment of the series. Over the past five years, numerous interviews with leading European personalities and articles by a variety of journalists have

detailed how that original inspiration has become a

in that first section, Jacques Delors, the driving force behind the birth of an economic unit serving more than 320 million people, described in an interview the beginning of the idea. "It came following a trip to all EC capitals in the late summer of 1984," he said, adding that it became a priority "because it is a pragmatic concept, realistic and manage-

It was also hugely complicated and beset with difficulties. A glance through the headlines incontinuous awareness that things were not going altogether smoothly but that things were nonetheless moving forward.

"Do or Die Decade for EC" (April 26, 1988). "Taxes and Tariffs Mar Visions of Unity" (Oct. 8, 1988). "R&D - Can Com-petitors Work Together?" (May 26, 1989). "EC Bares Teeth in Move on Airline Monopolies" (Jan. 14, 1989). "Political Is-sues Could Hinder Integration" (Sept. 25, 1989). Slow, Steady Progress in Implementing Directives" (Nov. 6, 1989). "Media

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Markets" (Oct. 12, 1992). In this, the final section of the series, we seek to sum up where the longawaited single market stands on the eve of its inception.

Interview / Jacques Delors

One Man's Vision Becomes a Reality

Jacques Delors, president of the EC Commission, outlined his views in the first installment of the 1992 series published on March 25, 1988. Now, with the completion of the series, he sums up his accomplishments, regrets and hopes for the future in an Interview with Axel Krause, corporate editor of the international Herald Tribune. Following are excerpts from the interview which, like the first, was conducted in French in his Brussels office:

With regard to the single market plan, what, concretely, will happen at midnight, Dec. 31, 1992?

It will not be a big bang. The realization of the borderless market has been under way, progressively, since 1985. Nevertheless, at the date you indicate, we will have attained the quasitotality of our goal - 95 percent of the legislation proposed will have been adopted, and 75 percent of what we had originally proposed transformed into national legislation.

As you look back to January 1985 and the launching of the plan, what have been its biggest achieve-

We had eight years of un-interrupted dynamism in the building of European unity. What was decided in 1985 - the single market - was applied. Financial resources to make it hap-

pen also were mobilized.

sense of cohesion, and parallel growth, between rich and poor regions.

What does that mean? The four EC countries that are the least developed. economically - Spain, Portugal, Ireland and, to a lesser degree, Greece had a rate of development higher than the EC average. In addition, Eurosclerosis has receded; the cooperation between our companies has been fostered and achieved, even

though it is still insufficient. Yes, but currently most EC member countries are in virtual stagnation or recession. Do you agree, as some argue, that Europe's growth prospects have dimmed because of the EC 1992 program?

Not at all. The world has become far too interdependent. We can no longer live and reason as we used to. Today, a slowdown in the American economy has far more impact internationally than 20 years ago. The European recession is due to three factors: the world economic environment, the costs of German reunification and the fact that we, as Europeans, are not yet competitive enough.

When we look at some of the problems still facing Europe - the ratification of the Maastricht treaty, violent tensions stemming from agriculture, GATT, xe-

Continued on Page 10

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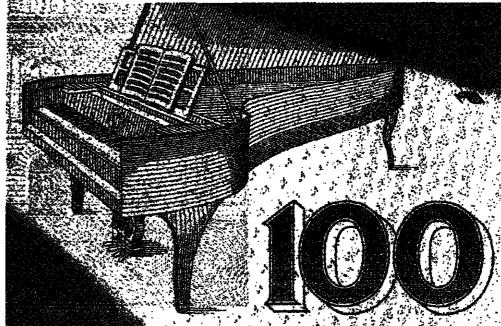


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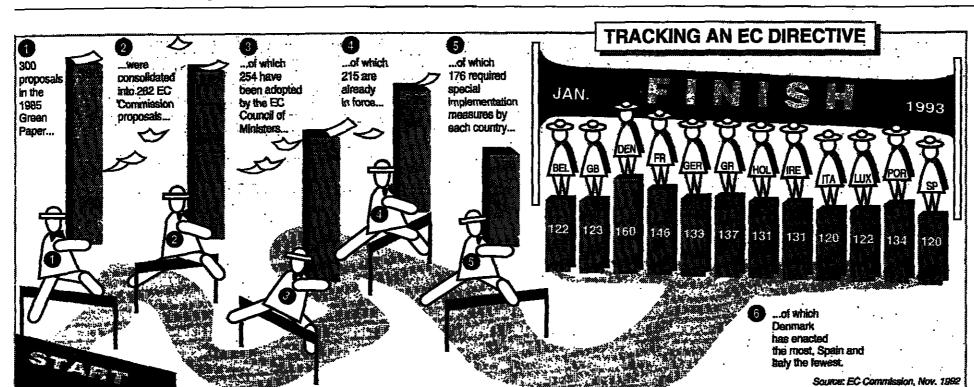
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Views From the Boardroom

"It has been clear to Digital for some time that the new economic order in Europe presents enormous opportunities. Digital has always encouraged the elimination of barriers to free trade, and we see Europe moving in that direction. We will continue working closely with public and private enterprises throughout Europe as this change progresses.

The single market requires a new infrastructure to allow activities and resources to be integrated effectively. As a world leader in networking and distributed computing and as one of only six sup-

pliers accredited to meet the requirements of the portant role to play in EC Commission for its large infrastructure framework contracts - Digital is already participating in Digital collaborates with the development of transgovernments, research in-European networks in telecommunications, to develop and implement transportation, energy advanced solutions that

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The Legislative Mountain

The beginning of the dash toward 1992 was the 1985 White Paper on the completion of the internal market - "Our Bible," according to an EC official involved in carrying out the program. The White Paper was drawn up by Lord Cockfield, a Briton who was then commissioner for internal market affairs, working on an idea of Jacques Delors's. It set the deadline and detailed about 300 measures that needed to be taken for the removal of national

The commission consolidated the program into 282 proposals for directives and regulations. All of these have been drawn up and considered by the European Parliament, and all except one have been given a first reading. Before the Edinburgh summit, 254 had been adopted by the Council of Ministers. Of these, 215 were in force in November 1992.

The EC legislative process works as follows: Proposals are drawn up by the commission and adopted by the Council of Ministers (usually foreign ministers meeting once a month, although finance, agriculture and other ministers can be involved; twice a year a summit of prime ministers meets, as at Edinburgh). The European Parliament is mostly advisory, but must be consulted - the Maastricht treaty aims to increase the powers of parliament. In adopting proposals, the Council of Ministers sets a date for them to come into force. Regulations are simply officially published and automatically come into effect on the date specified. Directives usually have to be transposed into national legislation in all 12 states. The date of entry into force gives them a deadline; if the necessary legislation has not been passed by then, the country is in breach of Community law. In some cases, new legislation is not necessary because existing laws cover the new rules.

Of the 215 measures in force, 176 required national implementation measures. As shown in the accompanying table, some countries are dragging their feet. Italy, for instance, has not implemented more than 30 percent of the measures. Denmark can claim to be the most assiduous.

followed by France. What does all this mean to the man in the street in Paris. or Madrid, or Athens? He will not wake up to a different world on Jan. 1, 1993, but the mechanisms are in place to Improve greatly the quality of his life.

'He will be able to work somewhere else in the Commu-

United States / New Brooms

Charting the Direction Of Cross-Atlantic Trade

With the coming of the Clinton administration, U.S. policymakers and businesses are taking the opportunity to rethink their atrategles for trade with the European Community.

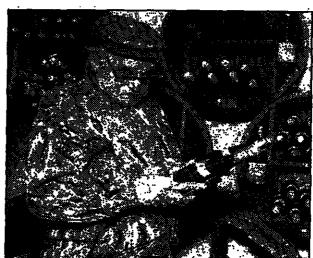
As President-elect Bill Clinton prepares his economic program and makes who will fill the top positions on his team, some preliminary conclusions may be drawn about the directions his policies will

In October, Mr. Clinton said: "The issue here is not whether we should support that Mr. Clinton will act forcefully if he sees the EC moving to limit access to the single market. interestingly, some mem

bers of the Clinton circle have shown themselves partial to some of the European programs and poli-cies affecting competitiveness. Ira Magaziner, a business consultant who is on Mr. Clinton's economic policy transition team, has written admiringly about the close cooperation between business and gov-ernment that produced the Airbus. Mr. Magaziner advised against "fighting

to top \$200 million this year, five years after the company first crossed the Atlantic. Some of the more established U.S. companies have shaken up their management and operating styles in Europe. ITT, following the sale of its Europeanbased telecommunications centralized its substantial European operations, giving them more flexibility and independence. The company closed its land-mark Brussels headquarters, and its individual business units - which make auto parts, electronic com-

In recent trade tussling, the United States 200 percent tax on French wines.



free trade or open markets. Of course we should. The real issue is whether or not we will have a national economic strategy to make

sure we reap the benefits."
This pledge of loyalty to
the liberal trade ideal was not just a bow to orthodoxy. Richard Rivers, who served as general counsel for Robert Strauss, special trade representative during the Carter years, says: "!'ve never met a protectionist governor." He is alluding to the habit of American state governors, like Mr. Clinton and Mr. Carter in his time, to encourage foreign investment and focus on ex-

port expansion. What distinguishes Mr. Clinton from his fellow-Democrat predecessor is a sense that the United States faces a much more profound global economic challenge than it did in the 1970s, combined with a pronounced belief that the government must take an activist approach in dealing with the situation. Much of this activism will take the form of domestic economic policy, but it also means

back with trade negotiations alone," and said that the United States must "accept that all over the world, there's a new way of doing business, one that we have to embrace ourselves." U.S. companies, for their

proaches to doing busiess, whether they are entering the EC market for the first time or are already established on the Continent. The United States has enjoyed a trade surplus

part, are showing fresh ap-

with Europe for more than three years. One reason is that the dollar has been low against European currencies, spurring American exports.
U.S. corporate strategies

to bolster or refine their European presence are varied. Many newcomers to the market are finding success with more aggressive discounting policies, mailorder operations and enthuslastic after-sales service, methods still relatively uncommon in Europe. They have certainly worked for the Dell Computer Corp. of Austin, Texas, whose European sales are projected

ponents and pumping equipment and provide insurance and hotel services operate from several European countries. These units took in more than \$5.4 billion in 1991.

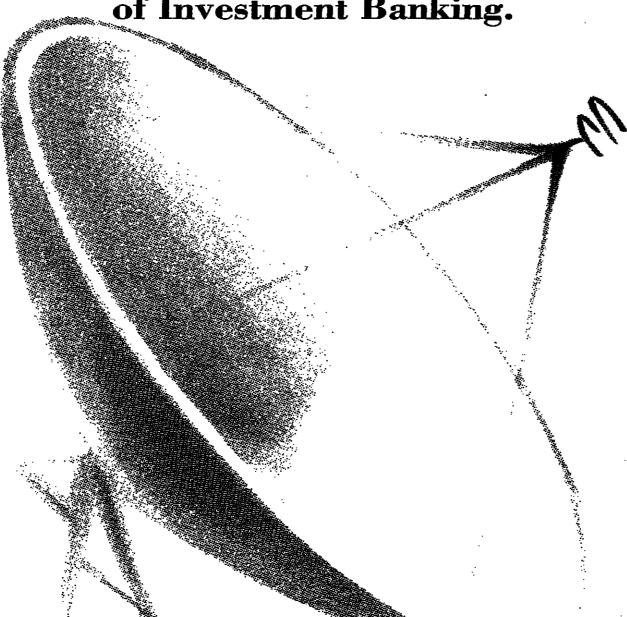
IBM has shrunk, cutting its Paris headquarters staff to under 200 employees from 2,500. Now, quasi-autonomous units across Europe operate with their own business plans, aiming to serve specialty clientele.

Most important for U.S. EC trade relations at the moment is GATT. The Nov. 20 accord to end a bitter U.S.-EC dispute over farm subsidies and keep the Uruguay Round of talks under the General Agreement on Tariffs and Trade from failure has provoked protest, especially in France.

Of course, Mr. Clinton himself has not given his blessing to the farm trade agreement. He has said he wants to study it further, a signal that, like France, the United States must take its own national interests into account

This advertising section was produced in its entirety by the supplements division of the international Herald Tribune's advertising department. • Steve Dryden is a Washington, D.C.-based journalist. • Timothy Harper, a London-based American journalist and lawyer, is the author of "Cracking the New European Markets," John Wiley & Sons, New York. • Axel Krause is corporate editor of the international Herald Tribune. • Ken Mackenzle is a journalist based in Paris, • Clifford Stevens is a business journalist based in Vienna.

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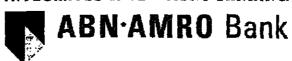
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The Single Market

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nity if he wishes to," explains an official involved in the program. "He will be able to take his profession to another country, be able to study, arrange for his pension. He will find banks and insurance companies able to cross bor-

The free circulation of goods and services should mean more choice and lower prices. The free movement of capital is important for big business, but the increased prosperity and, it is hoped, growth will mean more jobs and

There remain major hurdles, of course. No one thought the task of marrying 12 different cultures would be easy. "There is no question of trying to impose a dominant culture," the official says. "We aim at unity in diversity." The table shows that progress still has to be made on matters that are largely technical: VAT, company law and company taxation, intellectual property (the protection of

copyright) and public procurement. But there are also

matters directly impinging on everyday life.

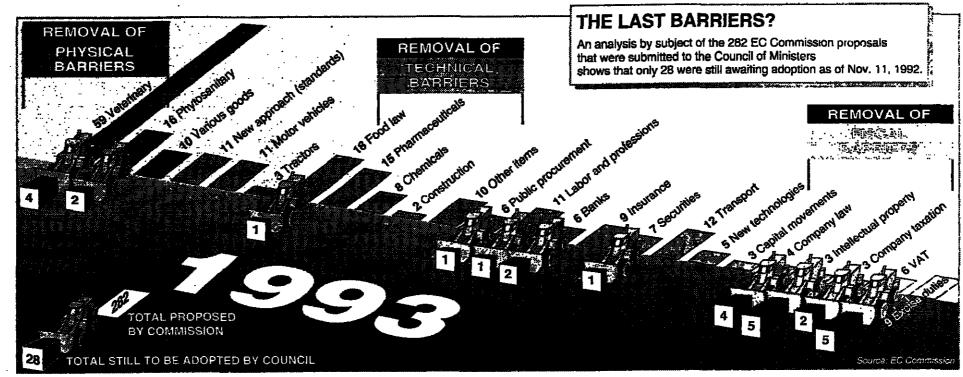
Border controls will not have disappeared on Jan. 1.

Land crossings are easier, but most airports do not yet have the facilities to separate people arriving from another EC country and people arriving from the outside world. Some countries (especially Britain) are adamant in maintaining border controls for illegal drugs, terrorists, immi-

grants and diseased animals. Then there is the banana question. Like many things concerning the EC, this has some comic aspects but is in fact deeply serious. Some member states either produce bananas or have special arrangements to import them, mostly from former colonies. Without help, these are not competitive with the so-called "dollar bananas," coming mostly from South America, which are imported in quantity by Germany. The spirit of a free market would seem to forbid any sort of restrictions on the "dollar bananas," but there are big issues involved. The dispute is not new, and an indication of how seriously the matter is taken by Germany is the fact that in 1957 Konrad Adenauer delayed signing the Treaty of Rome until he could be assured of

access to the necessary bananas. Standardization, the protection of children from dangerous toys, the labeling of food, safety for workers, rules for cross-border television - all these are questions of direct concern to that person in the street.

Does the creation of a single market - the tearing down of internal borders - imply the strengthening of external borders? Is there, in other words, a real danger of a



Views From the Boardroom

"For the European telecommunications industry, 1992 will have had a more profound impact than originally imagined. We had always looked on 1992 as the final stage in the preparation of the single European market of 1993. Telecommunica-

cooperate closely, making the latest technologies avaliable to European companies and thereby permitting them to enhance their competitiveness. Such was the rationale behind the Global European Network for the promotion of services and the recent accord on the

setting up of a broadband the building of Europe. On pilot network across Eu-

But in the event, 1992 was marked by two highly significant trends, which I hope are indicative of a balance between harmonization and competition. On the one hand, the debate over the Maastricht treaty highlighted the important role that trans-Euthe other hand, the unexpected decision by the commission to re-examine the question of competition has sparked off a fundamental analysis of the

industry's feature. These issues will continue to be addressed in 1993. We at France Télécom will take part in the debate, stressing what we

toward greater competition should not ride roughinterests of all the parties concerned and that it should not have a braking effect on the momentum toward harmonized and increasingly efficient net-

France Télécom will be able to reconcile its own development with the broader general interest."



Regions / As Borders Blur

Targeting Specific Areas For Growth and Development

While the most recog-nized goals of the Maastricht treaty are monetary and economic union and the completion of the singie market, some ramifica tions of a third objective: 'the strengthening of social and economic cohesion," are often over-

A key part of this last goal is the European Communiregional policy - a response to and a recognition of the blurring of borders within the single market.

Just as the EC's broad goal is to raise the standard of living across its 12 member countries, the regional policy zeroes in on specific deprived areas. The aim, in other words, is no more poor countries, and no more poor regions within those countries.

Much of the EC regional program is aimed at helping poorer countries since they, naturally, have more poor areas. As a result, Greece, Portugal, Ireland and Spain stand to be the biggest beneficiaries.

The regional policy also promises to boost recognized cultural and industrial areas that overlap the borders of richer countries, such as the Alsace region of France and neighboring Germany, or the areas of France and England linked by the Channel Tunnel.

Three recent examples of EC regional policy include programs to combat industrial decline in northern and central Italy by helping people set up their own small businesses, redeveloping deretict industrial sites in France's Nord-Pas de Calais region and fighting unemployment in British inner

The problem, as always, is money. Or, rather, the lack of it. The EC is currently spending about \$70 billion for regional programs

the Community.

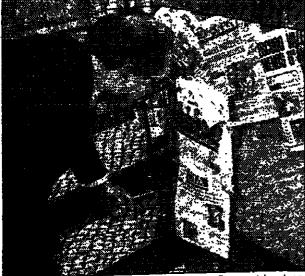


Regional programs include helping small businesses get

ing in 1993. Current proposals call for a 60 percent boost over the next five years, so that annual spending nearly doubles from about \$1.7 billion this year to more than \$33 billion by 1997.

mission President Jacques Delors is urging support for a program to spend \$60 million for infrastructure improvements - spread across the EC, but presumably concentrated in the poorer areas - to help Europe grow out of the cur-

rent recession. The recession, however. means that the richer member countries, the ones contributing more to the EC than they get back, are not especially eager to spend more and get even less back. Why, after all, should Germany be spending more to install phones on



The recession is making some richer EC countries less enthusiastic about chipping in to bolster poorer regions of

in the five-year period end- Greek farms when Germa-

ny has so many economic problems of its own? Bruce Millan, the EC's commissioner for regional policy, acknowledges the political obstacles. The two questions, he says, are how much member states are prepared to spend overall On top of that, EC Comthrough the Community budget, and what share of

> "The answer to that latter question will indicate what type of European Community they want - whether they do genuinely believe in economic and social cohe-

this should be allocated to

economic and social cohe-

sion," Mr. Millan says.
Many believe that regional programs will take a lower priority at least until the EC is feeling wealthier and more politically self-confident. Mr. Millan notes, however, the risk of being left behind for poorer regions: The accelerating pace of change in our economies tends rather to increase concern that some regions and indeed groups in society could be 'dropping out' - becoming progressively more and more margina-

He argues that without such programs, some regions have little hope of attracting the kind of private investment that will raise their production and living standards over the long

These include the supply and quality of labor, infrastructure, proximity to markets and suppliers, tax and investment incentives and quality of life factors such as the environment, education and leisure.

Timothy Harper

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Views From the Boardroom

'Although a single European market for industrial insurance has been operating since 1990, it will take another year and a half to realize an "EC '92" for the whole of the insurance industry. My company is well prepared for the chances and risks involved. Over the past 20 ars, Allianz has grown into the most international group among the top insurance companies of the world, with about half its premium income now being written outside Germanv. We are operating in all EC countries and in severat prospective members.

All insurance business is local, and it will not be easy for foreign competitors to penetrate the German insurance market unless they are equipped with the appropriate marketing and loss-adjust-

All the same, the Ger- 3 man insurers anticipate a surge in competition, while customers are in for a heterogeneous range of products they may find hard to cope with. In order to achieve still more market orientation, the property and casualty insurance companies of the Allianz group in Germany



Henning Schulte-Noelle, chairman of the board of management, Allianz.

have dropped their traditional structure by lines of insurance in favor of an organization focused on customers' specific

ticians must bring the Uru-

Views From the Boardroom

'The EC 1992 concept spun a "ring of confidence" around politicians



Jorma Ollila, president and chief executive officer, No-

and the business community. Decisive progress has been made and the magic date is upon us, but it is more a day of reckon-

guay Round to an equitable conclusion and save Nationalism is rearing us from a devastating its ugly head again. The trade war. There is much movement toward political to gain and much to lose. and monetary union is Finland has taken a mastalled. Many monopolies jor step and applied for full

remain, apparently unmembership in the EC moved. Add to this the with no reservations about poor state of the economy Maastricht. This has been in Europe and in the world favorably received, and it generally, and we have an is hoped that a decision noiguous situation. will be made as soon as We might ask if ambipossible as to when official talks can begin. As a European technoltions were too high. My answer is: Without ambitions we shall never build

ogy company, Nokia has that "ring of confidence" and welcomes this development. Europe's problems are complex, but on the basis of its potential, with hard work and goodwill, the new Grand Design of Europe can still be real-

Views From the Boardroom

"For a big-ticket cus-tomer bank like WestLB, the single European mar-ket poses a major challenge. For one thing, our clients expect us to provide them with an evercated range of services throughout Europe. Secondly, the already stiff competition in the German banking sector will get tougher still. Once banks within the EC are entitled to open branches and offer services in any member country and at the same time are subject to the laws prevailing in their home country, more and more foreign banks and securities houses will crowd into our market.

In order to gear ourselves up for EC '92, WestLB developed a strategy for Europe, which for the most part has been implemented. The central elements of this strategy include enlargement of our product range, strengthening of our European presence, modernization structure and intensified recruitment of staff from other European countries. At the same time, we have concluded a cooperation agreement with the Standard Chartered Bank of

a new Europe. And our re-

sponse must not be "For-

tress Europe." We need

As the GATT talks now

reach the critical end-

phase, there is a real need

for realism on the part of

all major players. Our poli-

partners overseas, too.

There is no doubt that WestLB employees will be working much more closely with their colleagues in other countries in the future. Spending a period abroad in one of our foreign branches will increasingly become a precondition for climbing the professional ladder at WestLB. Knowledge of

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Friedel Neuber, chairman of the managing board,

other languages, legal and economic systems, and above all acceptance and tolerance of other cultures, will become increasingly important within our group.

For me personally, it is my fervent hope that the completion of the single market will promote the development of the EC as a potent force for peace and democracy in Europe as a whole."

Interview / Jacques Delors

One Man's Vision a Reality

Continued from Page 7 nophobia and racism - it would seem that 1992, the final year, has been the worst in terms of the EC's performance.

What we accomplished in the EC 1992 program should not be looked at as a miracle remedy. I would only say, and many observers agree, that the plan helped bring about a re-naissance of the European economy, even though much remains to be done. I am absolutely convinced that if we had a better economic climate, half of the difficulties linked to the ratification of the treaty would

What is your biggest regret, or failure, as you look back at your efforts on behalf of European integra-

During the past eight years, as in previous years, we have always faced the problem of bringing ourselves closer to the public, to average people, and explaining what building Eu-rope is all about. We have made progress faced with indifference of the public and sometimes of national parliaments. By the same token, it is not up to the EC Commission to substitute itself for national governments to explain why we are struggling. But that is one of my regrets.

Is it too late to find a solution to the communications

No. But the main job rests with national governments, and I don't say this in order to duck my responsibility. You talk about greater

transparency, referring to the commission. But the real center of power is the Council of Ministers, which operates in great secrecy. Do you like this system?

When I arrived, I said I wanted a commission with autonomy that would also be more responsible and accountable. Contrary to my colleagues who were looking to the European Parliament, I was prepared to have us removed by the European Council (EC heads of state and government]. But in return, I wanted greater autonomy. Did you know that there are 166 groups of national civil servants representing national governments working for the Council of Ministers? When we make a proposal destined for the council, it goes through these national civil servants, and that is

Starting around 1986, for example, I felt we needed a

where things often get

statute allowing the establishment of pan-European corporations to facilitate joint ventures and cooperation between companies, which, even for the Americans, would prove difficult considering the different legal and tax systems. We drafted a plan containing 40 articles. It has not yet been adopted. It is still circulating in the Council of Ministers, and it now contains 200 articles.

Turning to the topic of monetary union, do you believe that the commission and the council should have managed the campaign for a single currency differently?

No. I believe support for



Jacques Delors, president of the EC Commission: 'Much remains to be

the goal of monetary union, a single currency, is reflected in every survey of public opinion as one of the most Important pillars of European integration. The issue is whether or not we are, in fact, capable of moving toward a single currency that is, of following the agenda set out in the new

treaty. What needs to happen next?

There is a lot to think about, notably in the markets, so that they regain •COM ice in the ecu and are 100 percent convinced that the single currency and economic and monetary union are credible. Can all 12 EC member

states stick to the agenda? It is possible that the agenda will be adhered to, perhaps not by all the 12 member countries at the same time, but by a certain number of countries. No one can say that the world monetary system today is functioning satisfactorily.

This means that a minimum of seven countries, according to the Maastricht agreement, can take the first step toward monetary union.

Exactly. But that does not mean that Europe will be moving at two speeds. It

means that certain countries will benefit from an extended period of transition. But there are precedents. When I proposed the total Ilberalization of capital movement, we agreed to grant periods of transitionvarying between two and four years to four EC mem-

Do the recent devaluations of the British pound and the Italian lira imply a failure of the European Monetary System?

We need to look at essentials. If there are currencles that fell, it is because the fundamentals of their economies were not judged to be satisfactory by the markets. The EMS cannot be considered a factor here. It can, however, force a certain cooperation or convergence among member-country economies. In that sense, it has been very successful.

Many economists believe we are facing at least one more year of economic stagnation, or recession. What is your remedy?

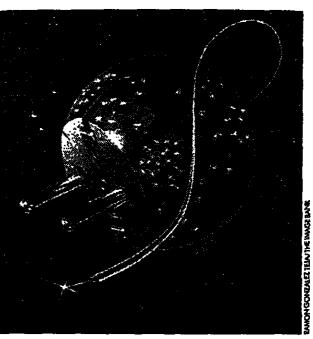
We need, above all, to think in terms of greater cooperation among oureives, and to support public and private investment. And that is why we are so committed to a vast program of improving the networks and infrastructure of Europe, This is the only way to have our internal market bear more fruit, internationally, it is absolutely essential for the Group of Seven [the United States, Germany, Japan, France, Britain, Italy and Canada) to once again become an organization that has credibility and can react. This has not been the case for the past three years, with most members playing "tonesome cowboy."

Do you believe that the Community can speak with the incoming Clinton advoice regarding future trans-Atlantic cooperation over Infrastructure Investments?

Yes. I favor a U.S.-EC partnership. However, our room to maneuver in budgetary terms is very small. We lack savings, so we cannot tax much. What we can do is use what little margin we have to sustain investments, which means expanding the public sector - combating poverty in our cities, for example.

What will it take to reduce the number of unemployed - 12 million - In the Community?

A GNP growth rate of over 3 percent. At that point, unemployment would decrease slowly.



A universal plug? Not for the EC, which cannot agree on

"Fortress Europe"? Emphatically not, says the official. It has been shown that the single market rules make it necessary that some protectionist measures be abolished. He quotes the case of Japanese cars, allowed into some EC countries but not into others. "If there were to be a 'fortress,' we would have to extend the protection," he says. "In fact, this is not happening. There is no crash

program to abolish restrictions, but slow progress is being nade toward letting in more Japanese cars. The Business Perspective

American business in Europe, as reflected by the EC Committee of the American Chamber of Commerce, has been greatly pleased by the commitment to a free and open market shown over the years by Community leaders.

Julian Oliver, who as well as being chairman of the committee is a vice president of American Express Europe, says that in many respects U.S. companies have always looked at Europe as a single market. "But we have been trustrated by hindrances such as national barriers and different standards - hindrances that have meant we were unable to take advantage of a rationalization of scale,"

That is now past. The single market that is almost wholly created is "bigger and more extensive than anywhere else in the world." It is no longer necessary to think of the market as 12 fragmented sections. "It is not perfect, but we can operate quite well," he says.

He is dismissive of the dangers of a "Fortress Europe," in spite of the current tensions. "There is a tradition of protectionism in three or four of the national markets," Mr. Oliver says, "and one hears echoes at the Community level. But there is no doubt about the commitment of the major-

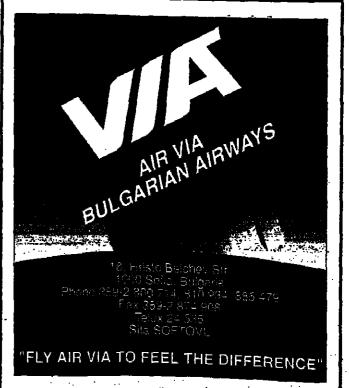
Because of his connection with American Express, Mr. Oliver is particularly concerned with the financial sectors banking, securities, insurance and pension funds. On most implemented. Banks are now able to set up branches In other EC countries in which they have subsidiaries without the hugely complicated paperwork and capital investment that was demanded before. The benefits — for ordinary customers looking for somewhere to cash their checks and for businesses transporting capital around Europe - are large, and will grow over the years.

Securities have proved more difficult - big cultural differences have become apparent about what rules are necessary concerning investing money, with Britain and the Netherlands finding themselves isolated on some matters. But political agreement was reached last summer, and the relevant documents were expected to be prepared before the end of the year. It will take another 12 to 18 months for the new rules to come into effect. As with banking, the concept is for a "single license" for all 12

insurance has in many ways proved the most difficult. Governments are deeply involved in ensuring that the consumer is protected during what are inevitably long contracts, and this makes openness to competition more difficult. "Life insurance is 10 times more expensive in Portugal than in Britain," notes Mr. Oliver. It is a complex area, with cultural differences playing a strong role, but the last building block of an agreement was put in place during negotiations in November. Again, there will be a delay, probably of about two years, before the agreement is mplemented.

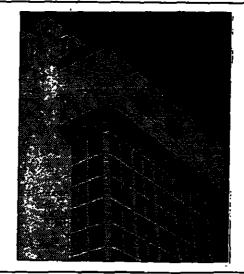
The free movement of pension funds has similarly proved difficult to ensure. Government rules and cultural differences are inevitable, once again because of the need to protect the consumer - a need sometimes imperfectly met. In some states, pension fund managers are, for instance, forbidden to invest money outside national borders. This can be a serious hindrance to the free flow of

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The Single Market

capital. Again, agreement in principle has just been reached, but there is a distance to go before it is made

There will be an interesting side effect of the eventual creation of a single financial market - and of a single currency, it is hoped. The rules of the International Monetary Fund and the World Bank say that these two institutions must be at the biggest center of foreign reserves: they may have to move from the United States to Europe in the

Another area in which American capital has been greatly involved — and in which it hopes for greater involvement is telecommunications.

Eric M. Vaes is chairman of the telecommunications committee of the American Chamber of Commerce EC Committee as well as being a leading businessman in the area. He explains that the European market for telecommunications services and equipment amounts to 100 billion Ecus (\$123 billion) a year, with services growing at about 10 percent a year and equipment growing at 6.7

The aim is to liberalize the market for telecommunications equipment and services, open up public procurement policies and harmonize standards. Major Initiatives have been made by the commission, but have met considerable opposition from some national operators, which are still government-owned throughout the EC, except in Britain.

The EC decisions are based on the telecommunications Green Paper published in 1987, and the progress since then in bringing forward legislation has been an "outstanding achievement," according to Mr. Vaes. But actual pro-



The banana controversy almost caused a slip-up in the

telephony must happen, but that it will come about in stages, not overnight. A timetable of five to eight years is visualized; commission sources say nothing final will happen before the year 2000. Users are worried about how well and how fast member states will transpose EC telecom-

Belgian PTT employed 28,000 people, but it was not uncommon for a customer to wait three months for a new phone to be installed. Now a new name, Belgacom, has come with a new efficiency and the determination that a radical transformation will take place in the future. The plan is for 30 percent of its revenues to be exposed to crossborder telecommunications competition.

As Europe gradually opens up the market for telecom-

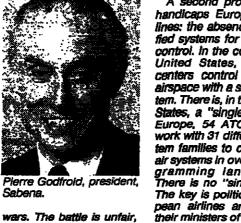
Views From the Boardroom

"Europe '92 was a fantastic idea of Jacques Delors's to promote a commarket from Copenhagen to Athens in a spirit of freedom and free enterprise.

Airlines are contributing to this idea. They comfortabiy transport people andgoods all over the world. They help people to understand each other better. But '92 was not a magic date for the airline industry, which has been operating in a free market for years.

However, European airlines are concerned about two major issues that could endanger their future in regard to American or Asian competitors.

First are the competitive rules between airlines. within Europe and across the Atlantic. Some U.S. airlines, which are still alive thanks to the protection of Chapter 11, have initiated suicidal price



and the whole industry is registering bad financial results. Today, Europe needs a global strategy to strengthen the market position of its airline industry rather than an ideological approach exclusively based on free enterprise. In the long run, this last approach would be detrimental to the customers as well as to the industry.

A second problem still handicaps European airlines: the absence of unified systems for air traffic control. In the continental United States, 20 ATC centers control a single airspace with a single system. There is, in the United States, a "single sky." In Europe, 54 ATC centers work with 31 different system families to control 22 air systems in over 70 programming languages. There is no "single sky." The key is political. European airlines are urging their ministers of transport to improve this situation quickly. We estimate that this bad organization costs us 1 percent of our

Europe without borders will be a reality starting in January '93. But there is still a lot to do to get a strong European airline industry operating in one single sky for the satisfac-

Views From the Boardroom

"Alcatel Aisthom embraced the European ideal many years ago. Over the past decade, it has proressively built up a wide European presence, aimed at providing the corporation with the capability to compete with its major North American or Far Eastern challengers in the global marketplace.

Today, Europe is Alcate Aisthom's home country. We have sales of 17 billion Ecus (\$14 billion) in Europe, where we employ over 150,000 people. These employees are mostly nationals of different ÉC countries, where our subsidiaries are often leaders. Most of our accounts are in Ecus, the currency we also use for intercompany transactions. Our laboratories and factories have learned to work together, be they English, German, Belgian, Spanish, Italian or French.



Pierre Suard, chairman and chief executive officer, Alcatel Alsthom.

panded to the other conti-

We have, therefore, a broad, field-tested, experience in striving for the creation of a competitive industrial Europe. I have to say, however, that our quest has often been hampered by the lack of industrial vision of European

Europe is now tar from being a single market. This deprives EC companies of the key competitive advantage of economies of scale that their foreign contenders enjoy in their own domestic markets of North America and Japan. In such a context, opening up the Community market to world competition on Jan. 1, 1993 is a challenge in itself. But doing it, moreover, without having negotiated beforehand the re-European suppliers to the currently closed home markets of those competitors totally disregards industrial realities and would be suicidal.

The referendums on the Maastricht treaty in Denmark and France have sent a clear message to all Eurocrats: Please, listen a bit more to your citizens. Listen to your industries was also part of the mes-



Treaty of Rome - and continues today.

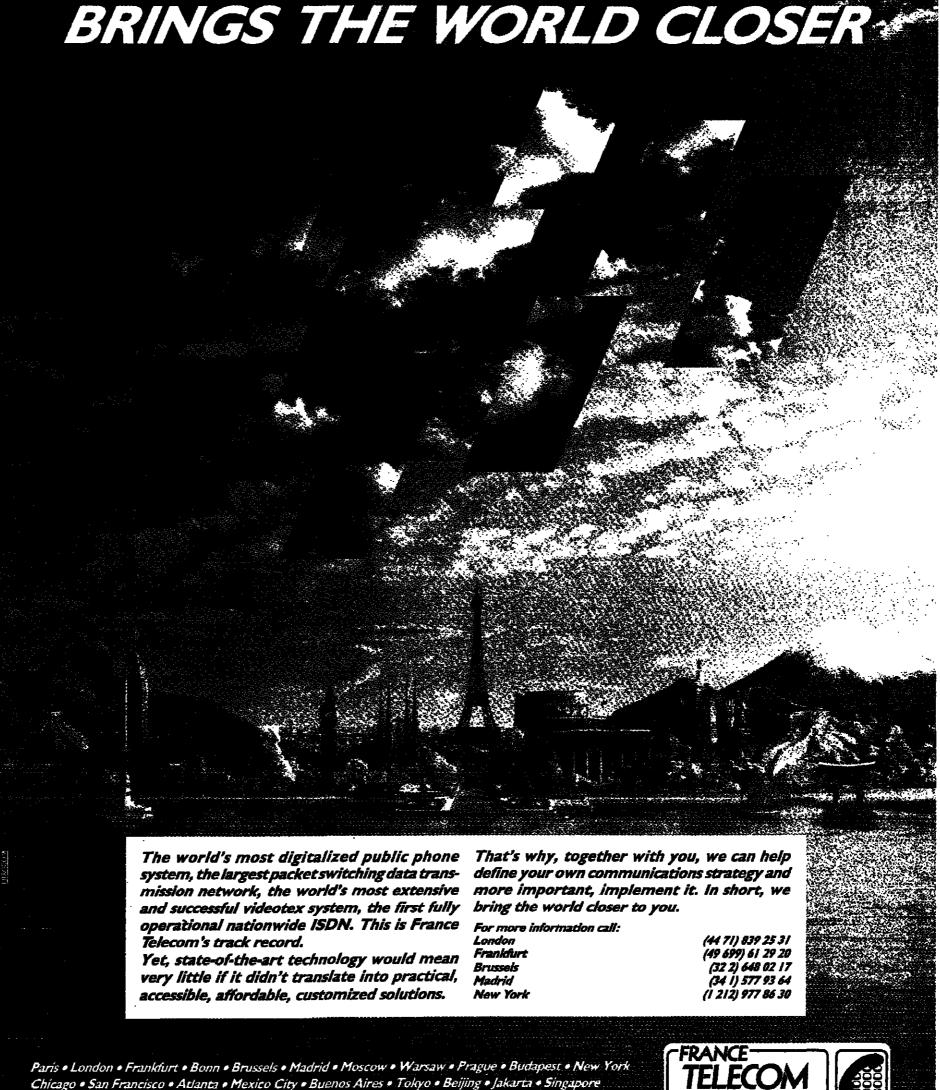
gress has been "slow and painful" in the areas of satellite and mobile communications and voice telephony.

Voice telephony provides the bread and butter of national telecommunications operators. The commission has recently published its latest communication on liberalizing voice monopolies, which has provoked considerable dis-

The industry believes that full liberalization of voice nunications legislation into their national legisla

munications equipment and services to full competition. the opportunities for European and foreign investment will be large. Users hope that the result will be better service and more competitive prices. Mr. Vaes says that Americanbased companies operating in Europe still find that on a directly comparative basis the cost of telecommunications





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Views From the Boardroom

"We expect the removal of trade barriers to generate a vast, freer and more homogeneous European market that will offer further business opportunities, although we do not anticipate any drastic changes post-1992.

Europe is strategically important, part of our tripolar business structure that also embraces North America and Asia. We set up the Toshiba Corporation Europe office in 1989 to coordinate our European operations.

In 1991, our consolidated sales in Europe totaled 365 billion yen (\$3 billion), 25 percent of overseas sales. We now operate a European network of 37 subsidiary and affiliate companies, 21 of them with a local president, and employ almost 5,000 peo-

Our eight European production facilities manufacture semiconductors, personal computers, copiers, VCRs, color televisions, microwave ovens



cal content is increasing, and air conditioners. Lo- and approaches 80 per-

cent in some products. We also pursue R&D, and established a research center in Britain in 1991. We have good relationships with major European companies such as Siemens Thomson and Alcate Aisthom.

in the post-1992 market, we will continue our longterm strategies of strengthening our busi-ness infrastructure and promoting localization. We will make every effort to achieve an efficient organization that meets the demands of a unified Eu-

Views From the Boardroom



Percy Barnevik, president and chief executive officer,

"For a company like ABB, important EC-driven changes are occurring in the areas of public procurement and the ability of companies and countries to establish and equally utilize energy supply and distribution systems between nations and re-

However, for us, "1992" is an ongoing process rather than a limited program. Some of the originally envisioned develophave been

overtaken by the enor-mous challenges that confront the "New Europe," which now must include all nations from the Atlantic to the Urals. If the 400 million people

living in Eastern and Central Europe are ignored, all of the progress made under the EC banner will be overwhelmed by the economic and social problems in the nations formerly under Communist rule. The EC and present EFTA nations

West in fact - cannot afford to build a welfare wall between us and these struggling peoples. We must help these nations make significant progress toward integration into a new Europe comprising 800 million citizens

The business and social challenges are enormous, but the spirit behind the original EC initiative must be expanded to include everyone living in the European house.

Views From the Boardroom

"For Aerospatiale, Europe has been a reality of life for many years: 1992 is but one more step along a path it has deliberately and steadily followed with its friends and associates. Moreover, such ventures as Airbus Industrie or Arianespace, in the development of which my company has exercised a major role, have been decisive milestones in the building of Europe. The completion of the

internal market is certainly a good point where manufactured goods are concerned. However, to be efficient in the long run, especially in terms of employment and economic strength, this develop-ment has to be integrated within a large scope, in-

cluding consistent industrial and commercial policy to provide European companies with the means to compete fairty in the global market. If the European Com-

munity intends to keep its aeronautical and space in-dustry alive and efficient it has to apply itself to giving broad support and creating a positive environment, especially in research and development."



Louis Gallois, chairman and chief executive officer



What is jam? It took the EC 12 years and several hundred thousand words to define it.

is generally higher in Europe than it is in North America.
To conclude, Mr. Vaes stresses that the further liberalization and harmonization of the EC telecommunications market is an irreversible process. Telecommunications

enhances the competitiveness of companies in Europe and stimulates the growth of the economies of member states and of the European Community.

In more general terms, a submission to the commission by the EC Committee of the American Chamber of Commerce says: "We believe that the single market is an ongoing process, and continued action will be needed at EC level.... To be effective, implementation and enforcement of EC legislation must be closely monitored by the EC Commission."

In another submission, the committee says: "The application of the principle of subsidiarity is likely to increase the extent to which the implementation and enforcement of EC legislation will be delegated to member states. Unless there is an increase in the monitoring at EC level of the implementation and enforcement, and greater effort paid to ensuring that there are practical (i.e., speedy and enforceable) judicial remedies at member state level, the success of the 1985 White Paper program

Consuming Concerns

There is not a single electric plug that can be used throughout the single market, and agreement cannot be reached to put this right.

This is one of the concerns listed by the European Consumers' Organization (known as BEUC, its French acronym) in a submission to the EC. It is a small failure, but consumers are also worried about bigger things.

"The removal of barriers to the free movement of goods, services, people and capital across frontiers will not in itself create a single market for consumers," says the submission. Producers will "retain many possibilities of

placing practical obstacles in the way of crossborder purchases by consumers" (as with cars). The delivery of medical services will be influenced by national reimbursement systems. There will not be a single market in air-transport

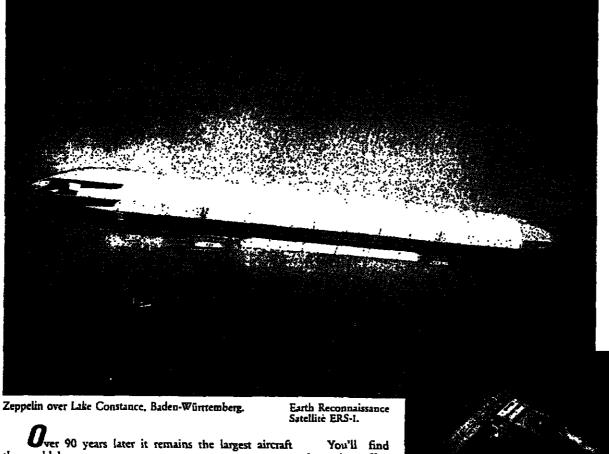
services, because of the absence of a comprehensive competition policy in this sector. There will not be a single regime for product liability throughout the Community. Incompatible standards for television and video will contin-

The single market may have a negative impact, say the consumers, because of the need for harmonization or mutual recognition. "The process of reaching political agreement on harmonization has led to the adoption of standards that are very much lower than those in the best member state," the submission says.

For example, some consumers will have to accept food additives previously banned by their state. "In some countries, consumers will experience cross-border advertising on television and in distance selling that does not meet



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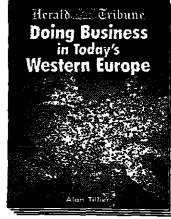
organisation in Europe has grown to 37 companies managed and staffed by 5,000 local employees. Together, we're also breaking new ground in other fields like information systems, medical equipment,

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And the harvest we share, always more fruitful. Lacauered writing box (suzuribako) depicting women hering ten leuves, 19th century. Toshibo Gallery of ranese Art, Victoria and Albert Museum, London.

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1 The World's Resident

The Single Market

the national standards." The consumer organization urges "a positive effort to harmonize at a high level of consumer protection." It alleges that there is sometimes a "blatant failure" by member states to implement and enforce single market measures. "It is consumers who suffer most from what is often a cynical disregard of the obligations of Community membership," says the document.

There is also the danger," it adds, "that the principle of subsidiarity may be used as an instrument for ensuring that there is no adequate regulation, whether at Community or national

The organization urges action to protect consumers. "A self-regulatory scheme in one country.

must extend its scope to all consumers throughout the Community." A data base should be established containing details of consumer rights and redress mechanisms, and the system for the rapid exchange of information on unsafe products should be upgraded.

Building on the Base

The challenge now," says an influential report published by the EC Commission in October 1992, "is to reassure the consumer and to capture the imagination of business, particularly of smaller firms, that the rule of a really frontierfree market will be applied across the Community. When this is achieved, the internal market will truly be seen as the basic stepping stone in the construction of Europe."

The report, which figured in discussions at the Edinburgh summit, was prepared by a committee headed by Peter Sutherland, a former commissioner from Ireland, that was set up in March 1992 to consider what needs to be done next so that "the full benefits of the internal market are secured in practice after 1992."

The committee considered evidence submitted by the consumers' organization BEUC. "The Community's internal market will benefit consumers by giving them a wider choice of goods and services," it says. "It will also benefit businesses, small and large, by providing them with market

The current position is that the Community has already taken nearly all the decisions required by the 1985 White Paper and they are gradually coming into force. This progress is clearly a remarkable achievement. Our report is about how to make the internal market operate effectively now that its foundations have been laid."

The report acknowledges that doubts exist about the way the internal market will work in practice. "Much more needs to be done to explain the need for and operation of the new laws," it says. It calls for a communications strategy, "supported by action to make Community law clear,



The legal connection of cows with ice cream; a matter of considerable debate.

Eastern Europe / Take a Number, Please

Applicants / Moving Toward Membership

Candidates Progress, Except for Swiss

One challenge facing the European Community is how to expand from its current 12 members to perhaps 30 or more in the next century. The first enlargement phase is likely to begin in 1995 or 1996.

Following last spring's Danish "No" to the Maastricht treaty, the European Community laid down its admission requirements: a competitive free-market economy, a democratic system respecting human rights and acceptance of the treaty. Furthermore, candidates are expected to identify with the goals of achieving a political, trade

and currency union, and accept a common foreign and security policy.

In a first phase, four of the members of the European Free Trade Association that have already applied for membership -Austria, Finland, Norway and Sweden - could be admitted in the next three to

Although their applica-tions were submitted at different times (Austria in 1990, Sweden in 1991, Finland and Norway this year), the EC is likely to accept them en bloc. With thriving economies and compatible political and economic systems, the four states fulfill EC requirements, though their neutrality remains a potential obstacle. Some longstanding disagree-ments, like fishing in the case of Norway, remain to be thrashed out.

Switzerland, which had

also applied for membership in 1992, recently rejected joining the proposed European Economic Area in a country-wide referendum. The EEA, scheduled to come into effect early next year, would create a single market between the EC and EFTA countries. The vote was seen as a clear message of preference for continuing economic isolation from the

Says Anton Pelinka, political analyst and professor at the University of Innsbruck: "The Swiss vote is a warning. The EC must change many of its structures to create an effective common market and integrate other countries. At the same time, it is going to be harder for potential new members to convince their own populations to enter the EC.

Formal negotiations with the other EFTA applicants are scheduled to begin in 1993, but an exact date has yet to be set. EC officials have often linked membership talks with agreement on EC finances as well as ratification of the Maastricht treaty, which could take as long as the fall of 1993. Germany recently became the 10th EC country

to ratify the treaty. This autumn Britain made its approval contingent on the outcome of a second Danish referendum to be held in May 1993 or later. Denmark is asking for a series of "opt outs," or exemptions, which members fear could set a precedent for future candidates. Admission procedures could be accelerated for a start to negotiations in early 1993. The EC is considering measures to integrate

those nations waiting in the wings that will require years to meet EC expectations: Cyprus, Malta, Turkey and the former Comecon coun-

Enlargement is seen as a vehicle to gain lost momenturn and push forward the dynamic process of European unity. In recent months, support for expanding the role of the EC has declined. The French and Danish referendums on Maastricht rallied opposition against what opponents termed the "faceless bureaucrats" in Brussels.

To accommodate a potential expansion from 12 to 30 or more member states, far-reaching institutional reforms may be necessary. This could entail holding a new summit meeting before "Maastricht 2" in 1996, and lead to broader authority for the EC Commission. acting as a European govemment in a United States of Europe.

The EC has concluded or is negotiating association agreements with several East European nations. Czechoslovakia and Hungary have moved furthest in their reform efforts and could be the first to be admitted. EC officials tear increased agricultural competition, a flood of cheap industrial products and billions in additional excenditures from the EC budget for the poorer East Europeans. Some EC leaders. however, want to integrate the region for political and security reasons before the 10-year transition period is Clifford Stevens

Meanwhile, Further Down the Waiting List

While some of the more Westernized East European countries have succes fully negotiated association agreements that strengthen their ties with the European Community, other ex-East bloc countries have a longer way to go before they can hope to

achieve this status. Bulgaria, to give one example, hopes to benefit from an EC connection as it transforms its economy.

The EC association agreements cover cultural, financial and customs regulations and create a freetrade zone within the EC within a 10-year period, leading to liberalization in trade of industrial products. Supporters say the agreements are crucial to further the reform process, safeguard democracy and stem mounting social problems In former Communist coun-

The East Europeans themselves hope that associate membership will boost competitiveness, help attract foreign investment, stabilize economies and provide greater access to West European markets. All envision EC membership by the turn of the cen-

Bulgaria, firmly locked into the Soviet sphere of influence for four decades. began negotiations with the EC in 1992.

Says lise Grosser, Bulgarian expert at the Viennabased International Institute for Comparative Economic Studies: "For the EC, integrating Bulgaria is important for long-term security and economic reasons. Bulgaria, of all East European nations, was most dependent on Comecon for its trade. Intensive links to the EC are crucial to help the country reorient trade and open up new

For the time being, however, the country faces eco-

nomic challenges. In 1992, the gross national product is expected to decline 15 percent following a 16.7 percent drop last year, with inflation at 90 percent. Unemployment is around 13 percent and the national debt has reached \$12 bil-

Bulgaria's reform efforts, which first gained steam after the October 1991 elections, have gained international recognition and new International Monetary Fund loans. American Deputy Secretary of State Lawrence S. Eagleburger urged investors "to take a serious look at Bulgaria." In May of this year, the nation was admitted to the Stras-

Europe. In April 1992, Bulgaria passed a privatization law to reduce the state's 93 percent share in the economy. The process is expected to get into gear next year, with over 200 companies being

bourg-based Council of

Public auctions will be the preferred method for smaller businesses, and direct sales and tenders for larger firms will be managed by a special privatization agency. The government has appointed Western advisors to draw up privatization plans for a half-dozen industrial sectors. Bulgaria has clearly

transferred to the private

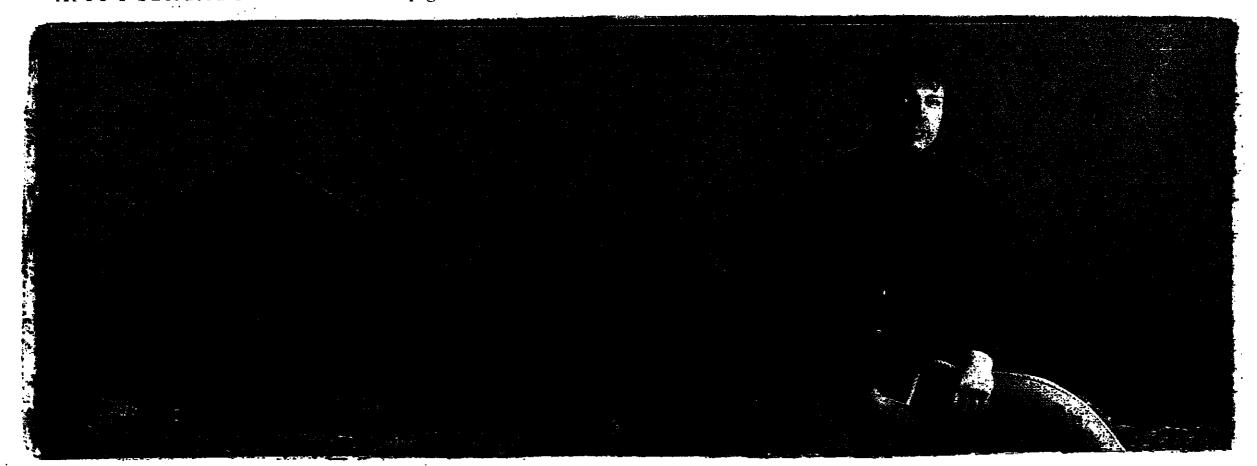
sector in the first phase.

made progress in developing closer links with the West. As of mid-1992, it had attracted \$300 million in foreign capital and 1,200 joint ventures, 100 with Western participation. But it is also jockeying for posi-tion with its East European neighbors. As Mrs. Grosser points out: "Czechoslovakia, Hungary and Poland have already signed asso-clation agreements with the EC. For Bulgaria not to do so would make it an outsid-

er at a disadvantage vis-à-

vis these nations."

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or e consistent and more effectively transposed at national level."

For the consumer, this calls for greater cooperation between the market control authorities of the member states, "including a clear agreement on how to handle urgent problems rapidly across the Community." Progress is also needed "on long outstanding issues about practical recourse to Community law."

For business, it is important that barriers are not recreated. "There is a risk of fragmentation of the market, arising either from divergent interpretation and enforcement of Community law or from the introduction of national rules which needlessly segment the market," the report says. "Subsidiarity does not and cannot be interpreted as permitting such developments."

For member states, this means "a greater awareness of the need to work with the grain of the internal market, in particular by building in the principle of mutual recognition before making fresh national rules." For the commission, it means "accepting, whenever possible, some degree of diversity, particularly where national measures have negligible economic impact on the Community."

The report lists a number of recommendations for bringing these general principles into action, it is particularly interesting on the vexing question of the possible conflict between the acceptance of diversity and the effective operation of the internal market. "The Community has already made considerable progress towards resolving the problem by basing much of the internal market program [the White Paper of 1985] on the principle of mutual

recognition," it says. "There are, however, limits to mutual recognition where there are overriding needs, such as the protection of health, safety, the environment or consumers, and when national legislation is not equivalent."

In these cases, the Community "should avoid unnecessary legislation," the report says. A careful analysis is necessary, and "when such an analysis concludes that the effect of national measures is not material to the operation of the Internal market, we consider that the Community should not insist on legislation: We express a preference for preserving diversity in such circumstances."

Standard Procedures

It is not easy to establish standards. The EC directive on jam took 12 years to negotiate and contains more words than the Old Tootsment.

than the Old Testament.

Must jam contain a percentage of fruit? The Portuguese like to make jam out of carrots. Must marmalade contain mostly citrus fruits, as the breakfasting Britons insist? Not according to the Germans, to whom the related word simply means jam, as it does in many European languages.

And so on, with national hackles rising on all sides.

Here is another problem. It is important that safety nets used on building sites should not continue to be used for too many years, as they become unsafe. The French insist that a colored thread be introduced into each net and that the color be changed each year. That makes it easy to say. "Blue nets shall no longer be used." The Germans insist that a metal plate with a date on it be woven into the net. Both systems work, but to have both in a single market is

wasteful; suppose you want to take your nets across a border. Learned committees are now trying to resolve the matter.

A man deeply concerned with these and similar problems is Jacques Repussard, secretary-general of the European Committee for Standardization (known as CEN, the initials of the French Comité Européen de Normalisation). This committee was born in the 1960s as a private organization to help European industry — there was already the worldwide International Organization for Standardization, based in Geneva.

CEN had its work accelerated in 1985 when it was recruited by the EC for all standards except those involving electrotechnology and telecommunications. In 1985, too, the EC decided on a "new approach" to standardization, involving a simplified procedure and swifter decisions, an attempt to avoid the jam quagmires.

The first standard produced under the new rules concerned the safety of toys — they must not have spikes and sharp edges, poisonous paints or other materials, parts that are small enough to be swallowed, and so on. Since 1985, CEN has seen dramatic growth. At that time, there were only a few hundred items on its "order book"; now there are nearly 7,000. In 1990, it produced 100 standards, in 1991 200 and in 1992 300.

The organization has 255 technical committees covering such things as furniture, cranes, roofing and the durability of wood. More than 1,000 working groups are in action. The procedure is for a committee to produce a draft standard that is exposed to six months of public comment. It then goes back to the committee for revision. A final draft will be submitted to all the national members of the CEN, who will be encouraged to consult everyone concerned. There is a vote, and if the draft receives a sufficient majority it is published.

CEN claims to work on a basic principle of "openness and transparency" and also says, "Standards are developed on the basis of voluntary agreement between the interested parties." If safety is involved, the EC article will become part of individual nations' legislation, and in fact "voluntary" agreements are binding, even if they do not have the force of law, because those are the terms of the arrangement between CEN and its national members.

Some standards are easy. The basic size for a sheet of paper — called A4 — was a German idea that was quickly adopted everywhere. Standards for thermostat radiator valves are more complicated but do not involve national pride or emotions, so national standards made way for a European standard, and life is much easier for industry throughout Europe.

Some subjects are hugely complicated. CEN experts are looking into road traffic "informatics." The technology exists for cars to have a screen connected to map information, which tells a driver where he is and which way he must go. This is of great interest to the automobile industry, the military, geographers and mapmakers, road engineers, the electronics industry and others. It would be in the interests of all if a system that worked in Berlin also worked in Lisbon and London. CEN experts are working on it.

The size of things is a fruitful field. One dream — which seems possible — is for Europe-wide agreement on having the size of cans of peas and boxes of laundry detergent related to the size of supermarket shelves and carts and also related to the size of trucks and container ships.

There are failures. The British continue to drive on the left. France's high-speed train, the TGV, cannot go into Germany because of signaling differences. The unit pulling the train from Paris to Copenhagen will have four different systems in it to adapt to different demands made on it. This makes it hugely expensive and unexportable.

It is the labeling and content of foods that cause the

It is the labeling and content of foods that cause the biggest increase in national blood pressures. Is it essential that something called "pure orange juice" have seen the inside of an orange? Must "ice cream" have some connection with cows? Can one define what "petit pois extra fins" implies, or what must be in a "cassoulet"? Should there be inflexible rules about how to make a "camembert"?

The protection of the environment also poses difficult questions. Should a person be free to shoot passing small birds?

The principle is that consumers must be protected but diversity must remain. Fine lines have to be drawn.

A More Business-Friendly Commission

Bureaucrats in Brussels react vigorously against the suggestion that a large and powerful EC bureaucracy is a threat to the 12 nation states and their citizens.

threat to the 12 nation states and their citizens.

"First of all, it is not large," one official says. "Say 13,000 to 14,000 people. About what it takes to administer an average-sized city. It is smaller than the Scottish Office in

Second, the EC Commission proposes, but the Council of Ministers disposes. In other words, ultimate power resides with the elected representatives of the people in the 12 states, not with the bureaucrats. It is often tempting for a government to blame an unpopular measure on people in offices in Brussels, but it is rarely true.

It is certainly a bureaucracy, however, and it does exercise some power in administering the decisions of the Council of Ministers. "The more you create a single market, the more you need to police it," says an official concerned with competition.

Free trade can be thwarted by cartels, restrictive agreements and excessive subsidies. The idea of competition goes against some national traditions, according to the official. Germany believes in it, unlike many other European states. "We have to synthesize an enthusiasm for competition," he says.

"The natural tendency for companies is toward cartels," he says. "And the natural tendency for governments is to subsidize. We have to act as a referee."

Much is done by persuasion, but there can also be compulsion, backed by the Court of Justice.

The policy is to oppose subsidies only if they distort or threaten to distort competition. Aid to depressed regions or to promote new economic activities is permitted, for instance. But aid has to be "carefully modulated," he says. "The aim is to create a level playing field," according to the official.

Cartels, on the other hand, are described as "bad news for everyone." Agreements on market-sharing, price-fixing, exclusive purchase or selective distribution can all be banned. Action is pending on alleged cartels concerning cement, steel, sugar, cardboard packaging and PVC materials. In the past, successful action has been taken in such fields as zinc, dyestuffs, recorded music, automobiles and champagne.

On mergers, the commission took steps in September 1990 to allow it to act only in large cases and in cases that involve more than one European country. The new rules also provided for swifter action and for rulings given in advance. Since that date, it has considered 110 proposed mergers and only blocked one, proposing conditions in eight other cases.

The thrust is to make the commission "more businesstriendly," the official says. Block exemption rules are possible. "If you meet the conditions, we will wave you through," he says.

No one denies the difficulties of "an uneasy synthesis of 12 countries," in the words of the official. There was no "emotional bottom" to the idea of a united Europe, he admits, but he adds: "The feeling is growing that it is better for us to be together."

The 1992 date itself has no real significance. It was pulled out of the air simply to provide a deadline to be almed at. "It was a confidence trick," says the official. "But it was a good confidence trick."

Ken Mackenzie

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International Herald Tribune, Monday, December 14, 1992

INTERNATIONAL BONDS

Not for the Faint of Heart: Latin Funds Yielding 11%

By Carole Gould New York Times Service

EW YORK — Seeking to capitalize on investors' frustration with rock-bottom yields in the United States, a trio of closed-end bond funds that invest in Latin American debt and yield roughly 11 percent have come to market in the last five months.

The yields are high, of course, because the risk is high. Combine Latin America's long history of political turmoil with illiquid fund holdings and some leverage, and "you've got a pretty dicey investment," said Thomas J. Herzfeld, who specializes in closed-end investment and analysis in Miami.

invest only small amounts in these funds, analysts warn, and only when their share prices fall from premium levels.

Analysts call the 1980s in Lat- They are basically but the outlook has changed as junk bonds, vulnerable many controlled economies con- to policy shifts. verted to free markets. More recently, Latin American equity funds multiplied to the point of satiety, so closed-end sponsors have

turned to debt. The Latin America Dollar Income fund, managed by Scudder Stevens & Clark, came to market in July. The Emerging Markets Income Fund, managed by Salomon Brothers, began selling in October, and the Alliance World Dollar Government Fund started

The Latin funds reduce currency risk by buying dollar-denominated bonds — mainly Brady bonds, issued under a program designed by Treasury Secretary Nicholas F. Brady in 1990 to help developing countries refinance their debt. The U.S. Treasury guarantees payment of 18 months' worth of interest plus principal, but

not until the 20- or 30-year bonds mature. The Scudder fund invests mostly in Mexico, Argentina, Venezuela and Brazil. The Alliance fund invests mainly in Mexico, the Philippines, the United States, Venezuela, Argentina and Brazil. Emerging Markets focuses on Mexico, Argentina, the Philippines and Morocco, Salomon Brothers said, refusing to be more specific.

Because the funds own mostly government securities, investors may think they are as safe as U.S. government bond funds. Not so. They are basically junk bond funds, especially vulnerable to sudden policy shifts. Brazil's recent refusal to negotiate with the International Monetary Fund is one example. And there are coup attempts, as in Venezuela recently, and the danger of defaults.

Then there is leverage. The Latin America Dollar Income fund,

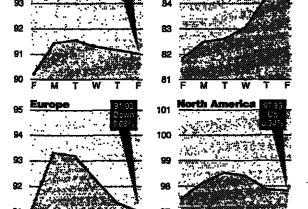
which is authorized by its prospectus to leverage up to one-third of its portfolio through bank borrowing, has already taken \$10 million in loans against its \$92 million in assets. As survivors of the 1980s learned, leverage is bad news when interest rates rise.

Michael Porter, an analyst with Smith Barney, Harris Upham, says that if President-elect Bill Clinton stimulates the United States economy and investment yields move back up, why not wait to buy U.S. issues rather than risking Brady bonds? For investors who insist on Latin America, he recommends Latin America Dollar, even at a slight premium, but for no more than 5 percent of a



International Herald Tribune World Stock Index, composed compiled by Bloomberg Business News. Week ending December 11, daily closings. Jan. 1992 = 100.

Asia/Pacific



Industrial Sectors/Weekend close

	12/11/82 close	12/492 clost	% change		12/11/02 cicso	129492 ploss	shange change
Energy			+1.12	Capital Goods	92.01	91.90	+0.12
Utilities	84.98	85.08	-0.12	Raw Materials	92.05	g1.58	+0.51
Finance	83.05	80.92	+2.63	Consumer Goods	94.23	93.81	+0.45
Services	99.28	99.03	+0.25	Miscellaneous	92.23	92.10	+0.14

The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

CUPPENCY RATES

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Miyazawa Clinton Tax Plan Meets Math

Calls for Rice Deal

He Aims to Avoid

GATT Collapse

His campaign tossed around a host of proposals on government financing, from spending cuts to getting more tax revenue from corporations and individuals all

Compiled by Our Staff From Dispatches TOKYO - Prime Minister Kiichi Miyazawa has hinted that Japan would partly open its rice mar-ket to avoid being accused of causing a breakdown in world trade talks. Foreign Minister Michio Watan-abe also reiterated Sunday that Ja-

pan needed to relax its stance in the Uruguay Round of talks being held under the auspices of the General Agreement on Tariffs and Trade. In his first news conference since shuffling his cabinet on Friday, Mr. Miyazawa said Saturday that his administration was formulating a policy that would both protect farmers and prevent a failure of the trade talks.

"We cannot cause a breakdown in the Uruguay Round," Mr. Miyazawa said. "But Japanese farmers must be able to farm with security and grow rice with security. It's a question of how to com-bine those two conditions."

Mr. Watanabe said that while Japan still needed to protect its rice sector, "There'll be problems if we don't start thinking about letting in some imports."

He proposed a two-tier tariff plan, under which the first 10 percent of imports would be subject to very low tariffs and the following 20 to 30 percent to very high tariffs. Japan bans virtually all rice imports under its Food Control Law.

(AP, Reuters) ■ Minister Sees No Rate Cut

The new Japanese finance minister, Yoshiro Hayashi, said there was no need to cut the official dis-count rate at this time, adding that market interest rates were declining to appropriate levels, news agencies

the Japanese economy "needs some more time before we can say it's completely recovered, but it's not in terribly bad shape. Mr. Miyazawa said he believed

economic recovery was around the corner. He predicted an improvement by the close of the fiscal year on March 31.

(Bloomberg, Reuters)



By Sylvia Nasar New York Times Service NEW YORK - As Presidentelect Bill Clinton's economic team considers how best to turn his campaign promises on taxes into legis-lauve proposals, it may feel the

porations and individuals, all aimed at getting the resources to accomplish goals ranging from middle-class tax relief and public works to halving the deficit. But the consensus among experts

was that many of the proposals were unrealistic, and that the proposal most likely to yield significant new money was tax increases on the wealthiest taxpayers.

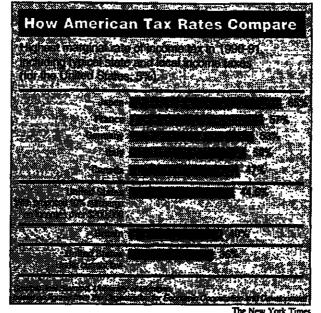
Getting the really rich to pay more was a major plank of the Democratic campaign. For Clinton tax purposes, a couple with income of \$200,000 and a single taxpayer with \$150,000 count as rich.

At the same time, there are proposals for tax relief for the middle class. But the threat of a ballooning deficit has emerged, and econo mists say this idea may have to be trimmed back or shelved altogether. Mr. Clinton, however, insisted again Friday that no such backtracking would occur.

The problem is that while higher tax rates on high incomes are likely to provide a good deal of new moncy, they are not likely to generate the \$92 billion over four years that the Clinton camp claimed.

Many experts had been skeptical

of that claim. Congressional Budget Office estimates put the added



lion over four years; estimates from Treasury officials and the Republi-can side of the Joint Economic Committee of Congress are lower.

But even as long-term deficit projections look gloomier, so also is the outlook for collecting as much from the rich as had been projected even in the lower estimates.

Perhaps the biggest consider-ation is one raised in a new study of how very rich taxpayers react to higher taxes. Published by the National Bureau of Economic Research, it suggests that extremely rich people — the top slice of the top I percent of taxpayers - have considerable flexibility to expose revenue at a maximum of \$80 bil- less of their income to taxation

have has become apparent. Those who can have raced to take bonuses now rather than next year, to cash in stock options — as Michael Eisner, chairman of Walt Disney Co. did — and to move income forward in any way possible.

Just how much flexibility they

Another reason for thinking that the rich will yield less revenue than Clinton tax planners had hoped is that the rich may not possess as many riches as they used to. The latest Internal Revenue Service summary of tax returns, for 1989, shows that many high fliers — real estate empire builders, retailers and newly redundant executives — had

See TAX, Page 17

Iran Beats Drum For New OPEC **Production Cuts**

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DUBAI - Iran called Sunday for fresh contacts among OPEC members to shore up sagging world oil prices, saying it was prepared to cut its production beyond guide-lines agreed by OPEC last month if other members followed suit.

After a week in which world oil rices continued to drop despite a late November agreement by the Organization of Petroleum Exporting Countries to reduce supplies, Iran said it was clear more cuts were needed.

An Iranian oil ministry statement issued in Tehran called on OPEC President Alirio Parra, Venezuela's minister of energy and mines, to consult members on ways

of strengthening the market. The statement said Iran was prepared to reduce further its production level if other members

agreed to do so." "Since the current prices situa-tion indicates that the market is not capable of absorbing the current supply level, the Islamic Republic of Iran is also prepared to further reduce its production level if other members agreed to do so." the statement said.

The 12 member countries of OPEC agreed new allocations for the first three months of 1993 with a total output of 24.582 million barrels per day. OPEC states, excluding Ecuador which has sus-pended its membership, pumped an estimated 24.9 million barrels in

But the market, apparently responding to higher-than-expected stocks in industrial countries and a mild winter so far in the northern hemisphere, has not reacted to the OPEC measures.

Iran, which earlier said that its November output averaged 3.9 mil-lion barrels, said in Sunday's statement it had lowered production by 300,000 barrels as of Dec. 1.

Iran said it hoped that other members had already reduced their production in line with the November accord.

Mr. Parra has blamed the continuing collapse in oil prices, which dropped more than 15 percent in the past eight weeks, on oil market speculators.

Since the last OPEC meeting was held in late November, the price of West Texas Intermediate crude for January delivery in New York has fallen by more than \$1 a barrel to

\$19.09 a barrel. Saudi Arabia, the world's largest oil exporter, has not signaled any willingness so far to reduce its production below its allocation of 8.395 million barrels which was agreed by OPEC in Vienna on No-

■ China as Net Importer?

China may become a net import-er of oil by 1995 as its economy surges, said a Reuters report from Beijing, quoting unidentified Chinese sources speaking to the China Daily.

To ease pressure for imports, China plans to reduce oil consut tion in its total energy use, mainly by replacing it with coal. Oil and gas now account for 21 percent of China's total energy requirements.

The Business Weekly, published by the China Daily, said Sunday that China would allow the price of oil on its domestic market to float at international levels. Bloomberg

In 1991 China exported 23 million tons of oil and imported six million tons. Its current annual production stands at 140 million tons, ranking fifth in the world.

reported from Tokyo. The Nihon Keizai newspaper quoted Mr. Hayashi as saying that to their creditors as the effects of Its creditors also include Banco Bil-Torras's own suspension widened. Meantime, the Kuwaiti finance bao Vizcaya and Sumitomo Bank.

MADRID - Two units of Grupo Torras SA, the Spanish holding company for the Kuwait Investment Office, have filed in court for suspension of payments

Compiled by Our Staff From Dispatches

and planning minister, Nasser al Rudha, on Sunday raised the estimated amount of the KIO's losses

40 billion pesetas.

The units made their filing as a Madrid court approved on Satur-day a decision earlier this month by Torras to suspend payments, judicial sources said. The company has debts of 243 billion pesetas, three-fourths of which is owed to KIO.

Receivers will decide whether Torras can meet its obligations or whether bankruptcy proceedings

in Spain to \$5 billion.

The Spanish press agency EFE said that Prima Inmobiliaria SA, a property firm, had liabilities of 60 billion pesetas (\$53 million), while Urbanizadora del Norte SA owed

The Kuwaiti finance minister

The Kuwaiti finance minister KIO began investing in Spain in linked the losses in Spain to "bad 1986 and built a paper, chemicals

management as well as administra-tive and legal irregularities" at Tor-valued at more than \$5 billion.

A spokeswoman for the Spanish government said that the government's main concern was the effect of the suspension of payments on other companies in which Torras had stakes.

Ercros, Spain's biggest chemicals group and controlled by Torras, went into receivership in July.

KIO officials were holding talks in London over the weekend on how to avert collapse at Torras's industrial companies.

Urbanor is carrying out a highprofile twin tower construction project in Madrid.

Urbanor is 95-percent owned by Prima. EFE said one factor in Urbanor's suspension of payments was a 2.1 billion peseta debt owed it by Prima. A senior KIO official was quoted

Saturday as referring to cases of mismanagement of Kuwaiti public funds in several countries.

Besides Spain, financial mismanagement had been uncovered in Portugal, the United States and Australia, said Badr al Mekhizam. (Reuters, AFP) reported from Beijing.

Los Angeles Notebook

Santa Monica Strikes Gold on the Third Street Promenade

Ripples From Crisis at Torras Spread to Units

enclave between Los Angeles and the Pacific Ocean, notable for its liberal politics and a large population of homeless people who take advantage of its parks and mild climate. It is also becoming a magnet for shoppers and tourists, thanks to a rebuilt commercial district that is a shining exception to the dismal Califor-

nia real estate scene.
In the early 1900s, Third Street was Santa Monica's downtown shopping district. As was common among American cities outside the Northeast, suburban shopping mails began to lure customers away in the 1950s. Santa Monica fought back in the mid-1960s by creating an outdoor pedestrian mall on Third Street, which, like many American downtown revival projects, failed. "Before 1986 it was a ghost town," said a city official. "You could shoot a cannon down there and not hit anybody

But today, the Third Street Promenade draws up to 25,000 people each weekend night and is putting pressure on Westwood, the outdoor shopping neigh-borhood in Los Angeles proper. Office space along the three-block promenade is popular, real estate executives said, with Dean Witter Reynolds Inc. among the tenants. The area's revival came after a major refurbishment in 1989 and is

linked to two site-specific phenomena,

although planners said the overall con-cept could be used elsewhere. bished promenade opened in 1989, the annual revenue was about \$400,000.

One key to the project's success was the recruitment of three first-run movie houses to join the art-film house already there. The three-block-long promenade now has 5,900 cinema seats, a considerable draw in a city where many residents either work in the movie industry or think they ought to.

The second draw is, ironically, an indoor shopping mall. Santa Monica Place

is just across the street from the prome-nade, and it was constructed with its back to the outdoor mall. "When it opened, it really added the last, final blow," said a spokesman for Bayside District Corp., a city-sponsored corporation that manages the promenade. That led Santa Monica to upgrade

the promenade, after getting the indoor mall to open its back wall and put its main entrance facing the outdoor shops. Now, people pass easily between the two developments. The promenade was redeveloped with about \$10 million of public funds and \$150 million of private investment. It brings in about \$4.5 million of direct

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Along the three long blocks of the promenade there are topiary fountains, green kiosks and comfortable benches

(whence the homeless people offer to share the wealth of their more affluent neighbors). The largest single category of stores is restaurants, which account for about 80 of the 200 retailers. Los Angeles residents tend to come to the mall for a specific restaurant or to see a specific movie. Many of the other retailers are boutiques, and there are about half a dozen bookstores. This being California, a metaphysical gift shop opened in No-

Surf's Down on Real Estate

Elsewhere in the Los Angeles area, the outlook for real estate, especially com-mercial real estate, is not bright. One investor said he was told by bankers that they did not see the market recovering for 12 years.

Several real estate executives scoffed at annual revenue for the city, which largely that number, but said there was little likelihood of much improvement soon. Downtown Los Angeles has an office comes from parking and vendor fees. One important upgrade was the expansion of parking space, and the project now has six garages. Before the refurvacancy rate of about 29 percent, compared with a national rate that was 18

percent in recent months, they said, and there have already been about \$5 billion of foreclosures on commercial real estate in Southern California. More telling, they said, another \$5 billion is expected, the result of overbuilding during the 1980s and current weakness in the California economy. For the coming five years, they said, little construction is expected, but bankers may seem more downbeat be-

months." Carolyn Stewart, a regional economist at the Federal Reserve Bank of San Fran-cisco, said residential real estate also was "not very promising" but added that "even the most pessimistic forecasts show improvement in 1996-1997." Highcost homes in Los Angeles have been hard hit, she said, but prices have not fallen much for homes in the \$100,000 to \$250,000 range. In such satellite cities as Riverside and San Bernadino, homes are selling for only 5 percent to 10 percent less than the peak years of 1989 and 1990.

cause "they won't have jobs in a couple of

Who Says 7th Is So Bad?

Californians annoy citizens of the earthbound 49 states in many ways. For one thing, they measure distance in units of time, so that San Francisco is about five hours north of downtown Los Angeles, or as far away as Santa Monica on a day when traffic is bad. Which recalls another peccadillo, the labeling of almost

any strip of paved road a freeway.
But perhaps the worst Californianism
is the oft-repeated claim that if the state were an independent country, it would be the sixth-largest economy in the world. It has never been particularly fruitful to point out that if California were an independent country, it would not host large chunks of the U.S. armed forces and defense industry and a lot of other things besides; Californians just smile and tell you it's great that you can express your-

self so forcefully, have a nice day. But finally, the day of reckoning has come. California can no longer be considered the sixth-largest economy in the world. The business forecasting project at the University of California at Los Angeles put the size of the gross state product in 1991 at \$720.7 billion. Measured against gross domestic product figures calculated by the Organization for Economic Cooperation and Development, that puts it seventh, behind the United States, Japan, Germany, France, Italy and Britain, which was at \$1.01 billion. California's growth this year is calculated at a measly 0.67 percent, so it will not be making big gains soon.

Mitchell Martin

GM Postpones Mass Production Of Electric Cars

DETROIT — General Motors Corp. has said that it will delay its electric car program until the late 1990s because the market is not yet

ready for the new vehicles.

GM also announced plans on Friday to team up with Ford Motor Co. and Chrysler Corp. to develop common electric vehicle components. The automaker said it canceled plans to retool a Lansing, Michi-

Toyota is ready to sell 50,000 GM compacts a year. Page 17.

gan, factory it had designated to begin producing a car based on its two-seat electric Impact prototype by the mid-1990s. Instead, GMnow plans to make up to 50 electric test vehicles next year at a technical

center in Warren, Michigan. The delay represents a sharp pull-back for GM, which took the lead in electric car development when Roger Smith, then chairman, announced in 1990 that GM would mass-produce the Impact by mid-decade. Analysts have said GM cannot

afford the program when its core car lines are becoming outdated.

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Fear Signs Of Revival

Compiled by Our Staff From Dispatches NEW YORK - The U.S. Treasury market will closely watch auto sales and housing starts this week for any further signs of sharp imovement in consumer spending.

Although economists and traders are not expecting any big surprises, a series of economic indica-tors are scheduled to be released and any further signs of economic strength after Friday's surprisingly strong retail sales figures could cause short-end yields to rise.

The first important figure will be uito sales for the first 10 days of December, due Tuesday. A survey of economists found a

sensus for annualized sales of

U.S. CREDIT MARKETS

6.1 million autos for the 10-day period. Anything significantly above that could attract market attention, some analysts said.

Housing starts for November, to be released early Wednesday, will be watched closely for the same reason. The consensus is for an annual figure of 1.25 million units, up from 1.23 million in October. Any substantial rise in auto and housing data above the consensus "could be negative" for Treasuries, said Mike England, director of re-

search at MMS International. The market is skittish and if we do see signs of more sales strength, we may see both the long and the short end come under pressure," he

Jobless claims for the week ending Dec. 5 will be released early Thursday. The consensus is for 353,000 claims and again analysts said any number significantly below this would draw market atten-

The 30-year Treasury bond closed Friday at 102 6/32 for a yield of 7.43 percent. The previous week the bond ended at 101 19/32

for a yield of 7.48 percent. The 7-year note ended at 97 16/32 to yield 6.45 percent, compared with a price of 97 10/32 and a rield of 6.48 percent a week earlier. The 2-year note ended at 99 24/32 to yield 4.73 percent, compared with the previous week's quotations of 99 28/32 and 4.67

Bond Bears Toyota Deal Would Give GM Big Boost in Japan

DETROIT - General Motors Corp. and Toyota Motor Co. are discussing plans for Toyota to begin selling 50,000 GM-built small cars a year in Japan beginning in 1995, a trade magazine said.

According to Ward's Automotive Reports. the deal would give GM cars the largest foreign presence in the Japanese market, where it sold only 7,541 vehicles this year through October. Spokesmen for GM and Toyota said they were not aware of the article in the edition of Ward's dated Monday.

equipped with the steering wheel on the right side because the Japanese drive on the left side of the road.

For Toyota, such a deal could help ease trade tensions created by its push to sell U.S.-built and imported cars and trucks in the United States. The 50,000 GM cars would not harm Toyota sales in its home market, Ward's said. Increasing the sales of U.S. cars in Japan was a major focus of President George Bush's trade mission to Japan last January. But the trip

brought only vague statements from the Japa-

The magazine said the cars would be nese on more purchases of U.S.-made vehicles. The GM-Toyota discussions involve redesigned 1995 models of GM's J-cars, currently

the Pontiac Sunbird and Chevrolet Cavalier. The cars for export likely would be built in Lansing Michigan. Ford Motor Co. is hoping to increase its presence in Japan and possibly build vehicles

somewhere in Asia through its ties with Mazda Motor Corp., of which it owns 25 percent. Honda Motor Co. sells Jeep products for Chrysler Corp. in Japan (AP, Bloomberg)

The Week Ahead: World Economic Calendar, Dec. 14-19

A schedule of this weak's economic and Weilington Retail sales figures for October. Forecast: Rise of 3.5 percent. Seculi Presidential election. Outlook: Kim Young Sam, the governing party canordate, leads in most polls.

Dec. 19 Taipel National elections Dec. 14 Tokyo Bankruptcies for rise, due to spreading downturn. Tokyo Crude steel production monalist Party to win a majority of the 161

for November. Forecast. Down 7 percent bec. 14 Amsterdam October trace balance expected this week. Forecast 2.0 rises 24 percent year-on-year to \$7.94 pilkon gulkier surptus, after 1.8 billion

Teligie Wholesele price index for No-vember, Forecest: Inflation stays low. • Bee. 15 Hong Kong Trading beings in shares of Guangzhou Investment. Out-took: Price rises sharply for China-con-rolled real estate firm. Taliyo Machinery orders statistics for October, Forecest: Down 5 percent to 18

percent on year. **Wallington** Reserve Bank of New Zeaterget by December 1993.
Talpet Central Bank releases data on foreign exchange reserves for October. Forecast: Reserves decline from \$89.5 bil-

Earnings expected: Full Photo Film.

e Bec. 15 Beijing U.S. Commerce
Sacretary Berbara Franklin starts a five-day visit. Agenda: U.S. trade deficit with

tor October. Forecast: Flat to slight in after 5.5 percent fall in September. Bangliok. Securities Exchange Comm Bangimox Socuries Excrange Commis-sion officials testify before House of Rep-resentatives committee Investigating spock market manipulation.

The Belling President Boris N. Yaltain of Russia starts three-day visit.

change after November index rose to 5.

World Index From Margan Stanley Capital Int'l.

cest: Sluggish since the bill

nor surplus, after 3.3 billion kronor sur-plus in October. Rotte October industrial whole

needs EC finance ministers moet, as agriculture ministers, while EC Com-ision discusses outcome of Edinburgh

percent rise in October. Parts Bank of France rapo tender. Out-

billion kroner surplus in Octo

Forecast Industrial wholesale prices up 1.0 percent, producer prices up 1.5 percent, as in September. Zurich November trade balance expect-ed this week. Forecast: 400 million Swiss franc surplus, after 463 million tranc sur-

pected this week. Forecast 1.8 billion markkaz surplus, after 1.5 billion markkas

Copenhages November consumer price index expected this week. Forecast. Up 1.3 percent in year, after 1.6 percent rise in October.

• Dec. 15 London October industrial production. Forecast: Down 0 1 percent.

after 0.4 percent increase in September London October manufacturing output. Dec. 16 London November retail sales. Forecast: Up 1.0 percent in year, after 1.9 percent rise in October.

8.75 percent.

• Dec. 17 London November U.K. unemployment. Forecast: 35,000 increase,
after 24,200 rise in October.

Paris Bank of France repo tender. Our

Dec. 18 Born Final Maastricht ratification.

Paris October industrial production.

Forecast: Unchanged month-on-month. Parls Carrefour extraordinary share-holders meeting to approve tightening of

• Dec. 14 Washington Treasury re-ports 3- and 6-month bills auction results.

sale after a slump that sent stoo over 50 percent since June Outlook

ted by six other bid

Earnings expected: Federal Express.

Dec. 15 Weshington Third quarte:
current-account halance, after \$17.8 bit

al car sales rate for Dec. 1-10 period expected to stacken from unexpect . Dec. 16 Washington Novembe

Washington Industrial production and cast. 0.7 percent increase in inclustrial production at 78.9 percent capacity util-

y awards project to build and launch untry's first communications satellife. adco City Treasury bills sales. Out-Dec. 17 Washington Inmai weekl

365,000 etarns Washington October merchandise trade balance Outlook: \$8.1 billion defi-

Economists expect exports to total \$13.2

Earnings expected: Great Atlantic & Pacific Tea. Micron Technology, Pier 1 Imports Inc. and Shoney's.

BUSINESS BRIEFS

U.S. Executives Sound Upbeat Note

NEW YORK (NYT) — A growing number of America's senior executives say the U.S. economy is improving. Sixty percent of 499 senior executives consulted in a New York Times/CBS News poll in early December said they believed the economy was getting better, with 34 percent saying it was neither improving nor deteriorating. That compared with a more pessimistic view held in late February, when 47 percent of executives found the economy getting

better and 44 percent said it was staying the same. A total of 81 percent of respondents said the election of Bill Clinton Clinton would not be able to create jobs and reduce the deficit in the next foir years; 58 percent added that he was unlikely to cut the deficit.

German Warning on Falling Income

BONN (Combined Dispatches) — The leader of Chancellor Heimut
Kohl's junior coalition party, the Free Democratic Party, said Sunday that West Germans will have to accept lower income to support Eastern areas. "We are in a position in which we have to cut back somewhat on our wishes and demands," said Otto Lambsdorff, the FDP chairman. Hans Peter Stihl, president of the German Federation of Industry and Trade, said in a Sunday newspaper interview that the German economy

would show zero growth next year but that "the decline will bottom out in "After that unemployment will stabilize and begin to fall in 1994," he

U.S. Is Taiwan's Biggest Supplier TAIPEI (AFP) — The United States has replaced Japan as the largest supplier of goods to Taiwan for the first time in more than four decades. economics officials said Sunday.

Imports from the United States were worth \$1.95 billion in November, or 28.4 percent of the island's total imports, while those from Japan stood at \$1.91 billion, or 27.9 percent, officials said.

The increase in imports of U.S. goods resulted in a sharp 86.3 percent decime in Taiwan's trade surplus with the United States to \$130 million, from a year earlier. The officials said the reduction could help minimize whe trade disputes between the United States and Taiwan.

For the Record

Major Japanese commercial banks are becoming reluctant to offer loans at prime rates and such loans are becoming a smaller part of total loan business, Nihon Keizai Shimbun said. (Bloomberg) Pacific Telesis Group, parent of California's largest telephone company, said it would split off its phone operations from its newer telecom-

FRANC: In Search of a Solution

(Continued from page 1) Higher interest rates, not very compound problems for domestic

not warranted by economic funda-

the end of the century.

France, like Denmark, needs flation — is 5.90 percent in France and 6.42 percent in Denmark. For three- to six months' time.

Germany, whose official interest The franc's temporary wi among the highest, the real rate is

3.86 percent.
Jonathan Wilmot, a London-Boston, said: "Greater exchangerate flexibility between now and 1997, including in the Deutsche mark-French franc parity, is probmonetary union a chance, and perhaps the only way to get sufficient
growth and employment for the EC
to stay in one piece over that period."

He added: "What's missing now

He believes that if France temporarily withdrew from the fixedrate system and slashed interest rates, the franc would initially fall,

probably no more than 3 percent disadvantage at a time when economic slowdown is hurting exports. from its current francs per DM. from its current level to about 3.50

But he is also convinced that credible with unemployment so within six months, and possibly high and Prench parliamentary earlier, the franc would have recovwithin six months, and possibly elections approaching, carry ever ered to 3.35 francs per DM, nearly less convinction as they only risk to 2 percent above its current level. "On the basis of current readings banks that could then begin to in- for inflation, the budget deficit and fect other parts of the financial the consensus forecast for growth in 1993," be said, "it's possible to

the European Monetary System is in healthier shape than Germany's, viewed as a face-saving way for the and thus that the franc should be a French government of avoiding a more attractive currency than the devaluation that experts agree is mark." He added: "With wages and inmentals or abandoning the fixed-flation very subdued in France,

rate system so central to the goal of there is no reason for delaying a creating a European monetary move to lower interest rates. The union and a common currency by suited by lower rates now and a France, like Denmark, needs rising exchange rate later as growth lower interest rates. The level of starts to recover. Germany would 'real" long-term rates -or what is be best suited by a rising exchange left after subtracting expected in- rate now but lower interest rates and a weaker exchange rate in

The franc's temporary withdraw rates are the lowest in the European al and then return in strength to the Community and whose inflation is fixed-rate system, Mr. Wilmot said, "would give a new and surprising twist to the concept of the franc fort, would ultimately be very good based analyst at Credit Suisse First for French bonds and stocks and could easily give the government an enormous boost in the run-up to the election.

Viewed from Paris, this scenario ably the only way to give European is plausible but too risky. The dan-

> is confidence. Break the link, even temporarily, you risk breaking confidence. It adds uncertainty and

Last	W	}eK	'S N	larkets		
All figures o			9 Friday	Money Rates		
United States	Dec. 11	Dec. 4	Cirige	United States	Dec. 11	Dec. 4
DJ Indus. DJ Util. DJ Trans.	3,304,08 219,33 1,411,54	216.57 1,430.27	+ 1.47 % + 1.27 % 1.31 %	Discount rate Prime rate Federal funds rate	3.00 6.00 274	3,50 6,00 2 13/16
S&P100 S&P500 S&PInd NYSECP	396.16 433.73 508.18 238.63	432.06 507.37	+ 0.73 % + 0.39 % + 0.16 % + 0.36 %	Japan Discount Coll maney 3-month interbook	3½ 3 13/16	3¼ 3 13/16
Britale FTSE 100 FT 30	2,716.20 2,062.80		1.57 % 0.96 %	Gentiumy Lombard	3 11/16 99/2	3 5/16
Japan Nikkel 225 Germany	17,441.	17,296.	+ 0.84 %	Call maney 3-month Interbank Britain	9,00 9,00	8.90 9.00
DAX Hong Kong	1,476.01		-303%	Bank base rate Call money 3-month interbank	7.00 746 7.3/16	7,00 6% 7%
Hang Seng World	5,253.18		—0.28 %	Gold Dec.	11 Dec. 4	Chrys 0.15 %
MSCIP	49B_10	N,A,	_	London p.m. fix.\$ 335.	מסבבר הו	-0,1379

MUTUAL FUNDS

Figures as of close of trading Friday, PATE 10.92 11.46 US Gov 10.51 11.03 Middle ModVI OR TE ST Bd Nestwood Funds:
Beilnst 10.63 11.28
Beilcen unovell
Equinst 15.09 15.72
EqCon unovell
intBdi 10.47 10.91
IntBdC unovell Funds: 10.83 11.28

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TAX: Clinton Proposals Run Up Against Mathematics

(Continued from first finance page) their wings clipped during the last four years of economic drift.

The number of taxpayers reporting pretax income of \$1 million or more dropped from 62,000 in 1988, to 58,000 in 1989, and their share of total income shrank from 5.5 perent to 4.7 percent. Their income in excess of \$1 million, which would be subject to a surcharge under the Clinton plan, fell 13 percent in 1989.

Under the Clinton campaign tax proposals, the top tax rate would jump to 36 percent from 31 percent for people with gross pretax in-comes of \$200,000 or more. The plan would also impose a 3.6 percentage point surtax on incomes of \$1 million or more, making their top rate 39.6 percent.

Yet another factor that could lead to a smaller-than-expected increase in tax revenues from the very rich is the prospect that the Clinton administration may opt not to raise the capital gams tax rate in tandem with the top tax brackets.

The early assumptions of the Climon team could also be shaken by the sharp turn for the worse in the prospects for reducing the fed-

When "Putting People First," the campaign's economic manifesto was drafted in the spring, the Congressional Budget Office was

contend that the deficit would fall by half without imposing much pain on the middle class.

Now, however, Mr. Clinton's strategists must find about \$100 billion a year through permanent tax increases or spending cuts to fulfill his deficit-shrinking pledge. The latest Congressional Budget Office projections suggest that if the economy and policy follow current projections the annual deficit will still be more than \$250 billion

in 1996 and rising fast. Where does that leave the middle-class tax cut? Robert Reich and other spokesmen for the presidentelect keep insisting that the middle class - which accounts for threefourths of total taxpaver income deserves tax relief. But the consensus view among economists is that the Clinton administration will have to prune the proposal or even \$2 billion to \$3 billion a year. drop it merely to avoid inflating the

"Even without the middle-class tax cut, the plan is mildly deficit-increasing," said Paul R. Krugman, an MIT economist. "It would be nice 10 get a sense from Little Rock that there are some hard choices being made."
Mr. Clinton reiterated Friday

optimistically predicting that the 1990 budget pact would tame the deficit monster. Using those projections, the Clinton team could that the stimulus of a tax cut may middle-class tax cut, even though not be needed since the economy has shown some healthy signs. But Mr. Clinton said a tax cut

> in his view the middle class has borne too large a share of the tax The president-elect made two proposals charing the campaign. One was to grant \$60 billion of relief to middle-class taxpayers. that is those with incomes under \$80,000 for a couple. Such relief,

was a matter of "fairness," because

for couples without children and \$100 for singles. The second proposal, part of Mr. Clinton's welfare reform program, is to raise the reward of working by expanding the popular earned-income tax credit for poor workers with children. Estimated costs are

spread over 60 million taxpayers,

would amount to \$300 a child, \$200

Taken together, the two changes, if implemented on this scale, would swallow up the revenue raised from

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Euromarts At a Glance

Dec. 2 7.25 6.67 5.51 8.50 9.85 13.40 9.82 9.87 8.87 8.87 4.16 U.S. S. Jeas thesi 5 yrs Pounds storthesi Jess them 5 yrs Franch frança, Jess them 5 yrs Hel. lirg, less Hem 5 yrs Dealsh kruno, Jess Hon 5 yrs ECU, 8 yrs & ever ECU, 5 to 7 yrs Cou. 5, less than 5 yrs Avs. 5, less than 5 yrs N.Z. 5, less than 5 yrs

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BEIJING — Foreign banks will play a greater role in China under a plan to further internationalize the country's financial industry, an official newspaper reported Sunday.

Under the plan, Chinese banks also will be encouraged to open more offices abroad, Business Weekly newspaper reported. So far, Chinese banks have set up more than 500 affiliates around the world. By November, 225 representative offices of banks from 29 coun-

cities. In 13 cities, 67 foreign financial institutions have been allowed to open branches, the report said. This month, two more foreign banks are to open offices in China: TM International Bank of Thailand, in Shantou, and Sakura Bank of Japan, in Shanghai.

tries had been set up in 14 Chinese

"Opening our financial markets will have a positive effect on China's financial industry in terms of helping China pool foreign capital and introduce new management techniques to our own banks," said

Merrill Lynch Opening An Office in Shanghai

The Associated Press

Amsterdam

the Dutch central bank acted.

lion the previous week.

Kempen & Co. said.

Frankfurt

The CBS all share index ad-

earnings estimates on major stocks,

Stocks suffered through a de-pressed week in dull trading, vic-

imized by poor economic condi-

tions in Germany and abroad.

leading shares ended on Friday at 1,476.01 points, down 3.22 percent

by comparison with the previous

Friday. Volume on the eight Ger-

man stock exchanges totaled a mere 20.62 billion Deutsche marks

for the week, against 25.1 billion the previous week.

The DAX spot trend index of 30

BELIING - Merrill Lynch & Co. plans to open a representative office in Shanghai, becoming the first overseas securities company to operate in China, Xinhua said Saturday. The official news agency did not say when the office would open.

Nor did Xinhua say whether Mer-rill would be allowed to operate on equal terms with Chinese securities companies in the domestic market, or whether it would be limited to dealing with foreign investors.

Chen Yuan, vice governor of the People's Bank of China. It would be "all right," Mr. Chen said, for foreign banks to engage in yuan transactions in the long term as long as they paid the higher tax rate Chinese banks are charged. Mr. Chen also said that interest rates should be allowed to float.

(AP, AFP)

On Thursday, the DAX dropped through the 1,500-point level for the first time since early November, and Bayerische Vereinsbank Stocks picked up on hopes for a Europe-wide round of interest rate cuts but gains subsided when only

Hong Kong

vanced to 196.9 points from 196.0 points at the end of the previous week. Volume of stock traded was 3 After the previous week's spectacular 12 percent slump, share billion guilders, down from 3.3 bilprices continued to fall in Hong Kong as the quarrel between China Downward pressure on share prices will make itself felt in the and Britain over the future of the coming weeks as analysts cut their

colony remained unresolved. The Hang Seng Index shed 14.92 points, or 0.28 percent, to close the week at 5.253.18. Average daily volume was sharply down at 2.203 billion Hong Kong dollars, against 4.095 billion the previous week.

Stocks fell in London, reflecting the lower pound, losses on Wall Street and in Tokyo, and dampened prospects for interest rate cuts

index of 100 leading shares was down 43.2 points on the week or 1.5 parity with the Deutsche mark. generally busy, averaging over 600

warned the next support level was at around 1,450-1,460 points. start coming through quickly to prevent further falls, analysts said.

Milan

Shares held their previous levels in Milan where brokers said the market had largely become immune to the persistent weakness of

the lira. The MIB index closed at 834 points, down just 0.11 percent from the previous Friday. Paris

With the franc remaining the tar-get for currency speculation, inter-est-rate pessimism depressed share values over the week.

The CAC 40 index eased 1.3 percent to 1,758.70 points. The European summit in Edin-

burgh inspired no hope among brokers that the Bank of France would At the close Friday, the FT-SE ease interest rates, which have been kept high to defend the currency's

Singapore Caution prevailed through most

of the week's trading on the Stock Exchange of Singapore.

Value was down 47.5 percent to 504.1 million dollars over the week but the Straits Times industrial index gained 4.87 points to end at 1,447.57.

Tokyo

Share prices recovered from a weak start to close moderately higher over the week, boosted by buying by public funds and invest-

> The Nikkei Stock Average of 255 selected issues in the first section closed Friday at 17,441.02 yen, up 145.33 year or 0.8 percent from the previous week's close. Daily volume averaged 293 million shares, up from the previous week's aver-

Area would cause a slump.

U.K. Fund Managers Plan Shopping in U.S.

LONDON — British fund managers are gearing up for a shopping spree in the U.S. stock market, according to a Gallup poll for Smith New Court PLC, for release Monday.

About 16 percent more local fund managers plan to increase purchases of U.S. equities than plan to sell them, up sharply from 3 percent in November. The survey also shows that 35 percent more British fund managers expect the Dow Jones industrial average to rise in the next three months, up from 14 percent in November. But British institutional investors continue to be most bullish about

their appetite for U.K. shares, with only 13 percent more planning to stick more cash into British stocks, down from 15 percent in November, most believe U.K. share prices are headed higher. About 42 percent more fund managers expect Britain's FT-SE 100 stock index to rise over the next three months, up sharply from 27 percent in November, than expect it to fall. Expectations of a

U.K. equities. Even though some money managers may have sated

recovery in the U.K. economy are spurring the purchases, economists at Smith New Court said. Most money managers expect base rates to fall to 6.5 percent over the next three months. Equity purchases will be made at the expense of bonds and cash.

About 14 percent more of those surveyed plan to decrease holdings of British government bonds, or gilts, up from 2 percent in November. Moreover, a balance of 38 percent intend to decrease cash levels. Investors are venturing back into Japanese equities, with a balance of 1 percent saying they plan to increase their holdings, compared with 3 percent saying in November they plan to decrease them. They're also buying continental European equities. A balance of 7

percent said they intend to buy shares of continental European companies, compared with zero in November.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Dec. 11.

Aldersen with the second secon

| GhwSor | 62 a | 62 a

| 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 |

age of 227 million shares.

Shares rose sharply, confounding predictions that the electorate's ection last Sunday of membership of the European Economic

The Swiss Performance Index gained 2.1 percent to close at 1,183.71 points, up 24.92 points.

Tomba Fails To Overtake Girardelli

ALTA BADIA, Italy - Marc Girardelli, a four-time World Cup overall champion, withstood a sensational second-run comeback by Alberto Tomba and the unexpected challenge of a Frenchman to win the giant sialom on Sunday.

His first victory of the season,

combined with a fourth place in a downhill at Val Gardena on Satur-day, lifted Girardelli to first place in the overall standings with 236 points after seven races.

The Austrian-born skier of Luxembourg clocked the fastest time in the first run, and was second to Tomba in the second heat down the Gran Risa course, to set a winning oran Risa charge of 2:46.25 minutes.
Alain Feutrier of France, who resumed skiing in 1989 after battling leukemia, skied his best giant sialom race ever to finish second, 0.5 seconds behind the winner.

Tomba, the Olympic champion, finished third, moving up four places from the first run. It was the fourth consecutive defeat for Tomba in his favorite gate races. Tomba, cheered by a partisan crowd of 30,000, displayed his characteristic powerful style only in the second run. He beat Girar-

delli by 0.03 and Feutrier by 0.43 but could not make up for an overcautious first run. The triumph Sunday boosted Girardelli's chances of winning an unprecedented fifth overall title. He is tied at four with Pirmin

Gustav Thoeni of Italy, who are both retired. In the overall standings, Girar-delli leads by 39 points Norway's Jan Einar Thorsen. Swiss William Besse, who won one downhill and placed second in another at Val Gardena Friday and Sanarday, is third with 180 points. Tomba is

Zurbriggen of Switzerland and

fourth with 176 points. "On Saturday, Leonard Stock of Austria kept Besse from consecutive victories by winning the second downhill of the season by 34-hun-

A. J. Kitt of the United States improved eight places from Friday's race on the same track, finishing third. He was only two-hundredths of a second behind Besse.

Stock, 34, completed the course in 2 minutes, 1.90 seconds. It was the third World Cup downhill vic-



Marc Girardelli of Luxembourg clearing a gate Sunday en route to his giant slalom victory, which made him the overall standings leader.

Stich Takes the Big Prize

German Defeats Chang to Win \$2 Million

turned a disappointing season into player to have taken part in all

The German, who won Wimbledon in 1991 but only one event this year entering the Grand Slam Cup, beat Chang. 6-2, 6-3, 6-2, in 2 hours, 7 minutes, to collect the biggest prize in tennis. Chang won \$1 million.

Abbreviate the second vision as big season-ending tennis tournament. Boris Becker, who skipped the Grand Slam Cup, won the ATP Tour World Championship last month.

Stich, the first non-American to world first in three Grand Slam.

Although Stich had fallen from No. 3 to No. 15 in the world rankings, he defeated four top-10 players to earn the championship. Be-fore Chang, Stich bent Stefan Edberg, Richard Krajicek and Pete Serving with confidence.

It was a good finish to the year and I hope it will be a good start for the next," Such said. "It means more to me to beat four top-10 players and win the tournament

Chang, ranked No. 6 in the

Saturday to beat Goran Ivanisevic and Stich broke again for a 5-2 MUNICH - Michael Stich in the semifinals. Chang, the only a \$2 million payday on Sunday three Grand Slam Cups, lost the with a straight-set victory over Michael Chang in the Grand Slam He lost to David Wheaton last

Stich became the second Ger-

reach the final in three Grand Slam Cups, broke Chang for the second time to take the first set. He again broke the American for a 5-3 lead

Serving with confidence, Stich took advantage of the fast-carpet surface that suits his serve-and-vol-

ley game.

Chang, who won three tournaments this year, could not match Stich's power at the net.

than the money I got.

"I think Michael was tired from yesterday's match, especially mengame to tie at 2-2.

Chang double-faulted to suffer

Serving for the match, Stich dou-ble-faulted to face a break point, but came back and converted his first match point with a volley off a

"Everything worked well," Stich said. "I didn't think that it would

be so easy, although I knew that his game usually can't hurt me." Chang said, "I didn't play as well as I did yesterday. He didn't seem to be missing a whole lot, and he

put his whole game together."

The German looked strong from the start against Chang, serving strongly and pulling out some of the best shots from his repertoire from the front and back of the

from the front and back of the

He put Chang's serve under pressure as early as the second game and made the crucial first-set break in the sixth game to lead 4-2 when

Chang netted a voiley. The tournament invites 16 players with the best records in the four Grand Slam events of the year the Australian, French and U.S.

Opens and Wimbledon.

Maier of Austria Edges Norwegian in Super-G

Compiled by Our Staff From Dispatches VAIL, Colorado - Ulrike Maier of Austria won her second World Cup skiing race of the season here

day with a victory in a supergiant slalom. Maier, world champion in the discipline in 1991 and 1989, was timed in one minute, 22.61 seconds.

On Saturday, Miriam Vogt of Germany waltzed away with the Five Germans were in the top 10 first downhill of the women's sea- as Regina Haeusl was seventh and son for the only World Cup victory Ulrike Stangassinger ninth.

of her six-year career. Finishing ahead of both a highly suffering a partial tear of the medicharged field and a fast-arriving al collateral ligament in her right snowstorm. Vogt posted a time of knee, was happy with a fourth one minute 42.06 seconds to lead a place. strong German showing.

second behind Kerrin Lee-Gartner

of Canada. Vogt made the most of her gliding ability on the flatter stretches of the upper course, then hung on through the technical turns near

the end to win. Gutensohn narrowly missed winning the same race under the Astrid Loedemel of Norway was second in 1:22.63, and Anita Wail in 1985 as a member of the Wacher of Austria was third in 1922.65 German and joining her current team in 1989.

Seizinger, in her first race since

"The knee felt good, it was a Her teammate Katrin Guten-sohn was second in 1:42.80 and another German, Katja Seizinger, was fourth, one hundredth of a

Baseball Antitrust Exemption: License to Steal?

By Dave Anderson

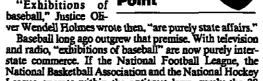
New York Times Service

EW YORK — For 70 years, baseball has protected its antitrust exemption as if it were the steal sign. But more than ever before, Congress has begun to wonder if maybe it really is the steal sign.

Last week, the antitrust exemption was the subject of a Constant when the steal sign.

Senate subcommittee hearing. Next month Representative Michael Bilirakis, a Republican from the Tampa, Florida, area, intends to introduce legislation to repeal the exemption granted by the U.S. Supreme Vantage

Court in 1922. "Exhibitions of baseball," Justice Of-



League operate within the antitrust laws, surely the 28 major league baseball clubs could operate within the Strangely, Congress's only right-hander with a 224-184 career record in the big leagues, Jim Bunning, a Republican from Kentucky, was not invited to appear at the hearing.

But if the bill to repeal the antitrust exemption comes to a

"The time has come to disregard the exemption," Bunning said from his office. "Baseball is no longer a sport." Bunning cited baseball's billion-dollar television in-come, its \$95 million entry fee for an expansion franchise, its multimillion-dollar salaries, its recent decree that Bob Lurie sell the San Fransico Giants to a Bay Area group for \$100 million rather than to a St. Petersburg, Florida,

group for \$115 million.
"It's unfair," Bunning said, "to those cities that have to deal with the 28 owners not to have remedies you normally have through the Sherman Antitrust Act."

Baseball fears that movement of franchises would be easier without the exemption. As the NFL discovered when its Baltimore and St. Louis franchises were moved without the approval of other club owners to Indianapolis and Phoenix, after Al Davis won an antitrust suit when the NFL objected to his relocating the Raiders from Oakland

Historically, baseball's antitrust exemption developed from a major league franchise problem in the 1915 dissolution of the short-lived Federal League. The owners of its Baltimore franchise were awarded a \$50,000 settlement instead of an invitation to join either the American League

or the National League. Charles Comiskey, the owner of the Chicago White Sox,

roll-call vote, the onetime ace of the Detroit Tigers and the Philadelphia Phillies will fire his best fastball.

argued that Baltimore was "not a major-league city." Charles Ebbets, the owner of the Brooklyn Dodgers. argued that Baltimore had "too large a colored" population. Rather than accept the \$50,000, the owners of the

Baltimore franchise filed a federal antitrust complaint that baseball was a monopoly. They were awarded \$254,000 in damages in 1919, but the verdict was overturned in the appellate court. Lawyers for the Baltimore franchise took the case to the Supreme Court. In 1922, when William Howard Taft, once the president

and once a Yale baseball player, was chief justice, the Supreme Court granted baseball its antitrust exemption. "The fact," Holmes wrote, "that in order to give the exhibitions, the League must induce free persons to cross state lines and arrange and pay for their doing so is not enough to change the character of the business. The trans-port is the mere incident, not the essential thing. The exhibi-tions, although made for money, would not be called trade or

commerce in the commonly accepted use of those words." In 1972, when the Supreme Court rejected Curt Flood's bid for free agency. Justice Harry Blackmun described the exemption as an "anomaly" and an "aberration.

"If there is any inconsistency or illogic in all this," Blackman wrote in his opinion, "it is an inconsistency and illogic of long standing that is to be remedied by the Congress and not this court.'

It's time Congress found a remedy.

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São Paulo Rallies Past Barcelona

By Steven Brull nal Herald Tribune TOKYO - Any doubts that the Japanese are excited enough about soccer to support the professional league that starts here in May dissolved Sunday when São Paulo defeated Barcelona, 2-1, in the world

soccer club championship. Normally obedient. Japanese fans buoved by São Paulo's aggressive, sometimes reckless tactics. raced past security men onto the field to help underdog São Paulo celebrate its come-from-behind victory. Never before had fans mobbed the field at the Toyota Cup, which began in 1980 and pits the European champion against the

South American champion. Center-forward Rai, 27, younger brother of the Brazilian World Cup star Socrates, scored twice for São Paulo, in the 27th and 79th minutes, leading the Brazilian attack that began in disarray but quickly found its pace and threw the more composed and disciplined Barcelona off guard.

Barcelona's Dutch coach. Johan Cruyff, said the dry field and strong winds worked against his team.

"We are making no excuses," he more opportunities to score," said said. 'Their rhythm was better São Paulo's coach, Tele Santana, than ours, except for the first 10

At the outset, Barcelona was boss. Hristo Stonehkov of Bulgaria scored the first goal after 12 minutes, zap-ping a left-foot shot into the far left corner of the goal. Barcelona seemed to have the match sewed up.

But the scrappy São Paulo subsequently shored up its defense while continuing its South Americanstyle wildcat strikes.

"In the second half we gained control of the midfield and created 10 years to start the country's first

For the 61-year-old Santana, who led Brazil's World Cup campaigns in 1982 and 1986, winning the

Toyota Cup was an achievement.
"I don't have words to express my happiness," Santana said moments after the victory. "It's an unprecedented title for Brazil and we conquered with merit."

cup the past three years. But the moment was savored as much by Japanese companies who have been preparing for more than

Italian Players Say 'No to Racism'

Compiled by Our Staff From Dispatches

ROME — Responding to growing racial intolerance in Italy, all Italian first- and second-division soccer teams took the field on Sunday carrying banners bearing the inscription, "No to Racism," in an initiative orga-

nized by the Italian Players' Association.

On the field, AC Milan beat Ancona 2-0 to extend its lead in the pockets and thinking long term. standings to six points over Internazionale, Fiorentina and Torino. Rund Guillet, AC Milan's black Dutch star, had called for some action

after he was harassed at a game in November. In Germany, where foreigners got eight of the first-division goals scored Saturday, all clubs replaced the name of their sponsors on their shirts with the slogan, "My Friend is Foreign."

(AP, AFP)

professional soccer league with 10 teams. The Toyota Cup is the main event used to promote soccer in a country where fans are accustomed to more slow-paced sports such as sumo wrestling and baseball.

Although the United States has failed to create much interest in the world's most popular sport, the Japanese appear more likely to succeed. Tickets for the match in the 60,000-seat National Olympic Sta-European teams have won the dium sold out in two weeks.

Soccer, now broadcast regularly on nationwide television, is rapidly gaining in popularity among young people in Japan, mostly at the ex-pense of baseball. Interest grew after Japan won the Asia Cup this year.

Borrowing on techniques that made Japan's automobile and semiconductor industries global competitors, Nissan Motor Co., Mazda Motor Co., Yomiuri and other giant companies sponsoring

More than 30 Brazilian players are in Japan, creating interest and nurturing talent. Big-name stars past their prime, such as Zico of Brazil and Gary Lineker of Britain, (AP, AFP) draw fat salaries.



São Paulo's Rai goes flying to head in a pass from Muller for a goal, as Richard Witschge of Barcelona (center) tries in vain to block.

SCOREBOARD **NBA Standings** Chicago
Thorse 9-13 1-5 19, Olaluwan 12-9 36
Thorse 9-13 1-5 19, Olaluwan 12-9 45 28.
Macwell 8-14 2-4 19; Pipson 8-22 6-8 22. Jardan
11-23 3-3 26. Rebounds—Houstan 44 (Olaluwan
13), Chicago 55 (Jardan 11). Assists—Houstan
27 (Olaluwan, Smith 7). Chicago 27 (Pipsen 8).
Washington
28 23 26 21— 93
LA Lakters
34 28 21 35—118
Ellison 6-11 5-6 17. Overton 7-16 1-2 15; PerIrins 12-14 1-1 22, Peeler 5-10-5-7 16, Threatt 7-13
-2-3 1a. Rebounds—Woshinston 49 (Ellison 11).
Los Angeles 61 (Divoc 12). Assists—WashingIran 27 (Adoms 10). Los Angeles 27 (Threatt 8).
Baddana
27 28 33 24 7 15—134
Portiand
39 21 22 20 7 5—134
Schremot 13-25 4-5 32. Fleming 11-17 6-7 28;
Porter 18-18-3-3 28, Robirsson 7-12 10-14 24, Re-**EASTERN CONFERENCE** 432 550 471 450 368 274 278 .684 .579 .550 .526 .526 .450 WESTERN CONFERENCE SATURDAY'S RESULTS Seattle 18 23 25 27—93 Seveland 24 28 18 27—97 Kemp 10-21 2-3 22. Pierce 7-10 2-2 17; Ehto 6-.47 .500 .389 .294 .063 Phoenix Portland LA Lakers

Seattle LA Cliese

Desver 24 30 25 30 8—167
Affanta 26 29 18 25 13—112
Williams 12-19 3-1 27. Jockson 7-17 5-5 20:
Wilkins 14-30 5-12 33. Willis 12-21 9-2 25. Rebounds—Desver 48 (Multombo 14), Allonto 66
(Willis 22), Assists—Denver 32 (Jockson 10).
Allonto 34 (Mays 11).
LA Clappers 32 36 27 26

Philodelphia Mignaine 15

Rebounds—Cleveland 43 (Williams 10), De-troit 59 (Rodman 21). Assists—Cleveland 24 (Ehlo 8), Detroit 28 (Thomas 6). Houston 36 29 36 24—110 Chicago 34 29 23 15—56

Porter 10-18 3-3 28, Robinson 7-12 10-14 24, Re-Porter III-18-3-25, Rousson Fra 10-7-25, Re-bounds—Indiana 40 (Schrempi, K.Williams 9), Portland 67 (8.Williams 22), Assists—Indi-ana 34 (Schrempi 10), Portland 25 (Drexier 9),

143-6 16, Price 14-20 6-6 39, Rebounds - Sectile 49 (Kernp 16), Cleveland 50 (Daugherty 12), Assists - Sectile 21 (McMillian 6), Cleveland Assists—Seattle 21 (McMillian 6), Cleveland 34 (Dougherly 11), Detroil 28 20 24 16—88 New York 14 27 22 32—95 Dumars 6-18 7-7 19, Thomas 5-12 4-6 15; Smith 7-97-921, Ewing 9-19-3-521, Rebounds— Detroil 44 (Radman 16), New York 52 (Ewing 12), Assists—Detroil 26 (Thomas 12), New York 27 (Anthony 6).

Desiver 31 16 26 27—199
Charlotte 25 41 17 26—199
Ellis 19-20 8-1 20, Williams 9-26 1-2 21: Johnson 514 4-5 20, Mourning 7-14 6-6 20, Gill 6-16 511 30. Curry 6-13 4-4 16. Rebounds—Deriver 72
(Mutombo 16), Charlotte 65 (Johnson 12), As-

Phoenix 27 35 20 26—108 Corloands 20 36 21 23—107 Barriary 5-10 1-0 19 10 10 18 6-10 24 22—10 10 18 6-10 24 22—10 10 18 6-10 24 22—10 10 18 6-10 24 25—10 24 25—10 24 25—10 24 25—10 25

New Jersey 25 25 22 17—89
Chicogo 24 26 20 25—95
Marris 9-20 2-2 20, Petrovic 11-20 1-1 25; Pippen 6-10 3-6 15, Jordan 13-26 9-12 30, Rebounds—New Jersey 61 (Bowler 17), Chicogo 50 (Grant 11), Assists—New Jersey 20 (Petrovic, Anderson 6), Chicogo 27 (Pippen 7), Milwaakee 22 20 20 25—82
Utah 22 32 22 37—82
Utah 22 32 32 33—83
Edwards 8-14 2-2 18, Brickowski 9-14 1-3 19; K.Afcione 16-15 7-14 27, Krystkowiak 6-8 4-4 16, Rebounds—Milwaukee 49 (Schoyes 9), Utah 56 (K.Maione 14), Assists—Milwaukee 13 (Avent, Murdock 3), Utah 29 (Stockton 9), Golden Stote 37 39 21 36—128
Socranestie 37 31 21 36—128
Socranestie 37 31 21 36—128
Autilin 12-23 4-5 31, Hardaway 11-19 8-8 31, Sorveetil 8-17 1-1 13; Simmons 8-20-8-9-24, Richmond 10-19-7-7 27, Rebounds—Golden State 43
(Hilli 10), Socranestie 57 (Cauwell 8), Assists—Golden State 23 (Hardaway 13), Socranestie

Major College Scores

Coastal Carolina at Basson College, ppd. Cappin St. 79, Towson St. 74 Drevel 77, St. Francis. Pa. 66, OT Duke 88, Rutgers 79 Georgetown 87, Md.-E. Shore 54 Harvard 94, Lehigh 99 long 77, Fordham 58 Iona 77, Fordham SB Layota, Md. Sa, Meunt St. Mary's, M Maine 61, Foirfield 58 Maryland 92, La Salle 76 Md-Battimore County 96, St. Mary's, Northeastern 47, Manmouth, N.J. 46 Penn St. 75, James Madison 74. OT Pilitaburah 82, West Virgiala 78 Siena 74, Hartford 70 Syrocuse 104. Texas-Son Antonio 78 SOUTH

Alabama 94, Southern Allss. 76
Alabama 51, 121, Troy 51, 116
Centenary 90, E. Texas Bootlat 64
Clemson 88, N.C.-Greensbore 62
Coll. of Charleston 64, N.C. Westeyan 42
East Carolina 199, Tennessee Tech 94
Fla. International 72, Fairleigh Dickinson 6
George Moson 95, Rostland 72

Karsas St. 86. Sam Heusten St. 53 Kent 73, Duquesne 71 Manhattan 61. Bradley 54 Minnesota 88. Middle Tenn. 65 Nebroska 71. Wichita St. 64 Ohia St. 80. Bowling Green 54 Purdue 84. Laysta. 11. 70 S. Illinois 91, N. Illinois 62 SW Missouri St. 63. Oregon St. 48 St. Louis 101. Margon St. 76

St. Lauis 101, Margan St. 76 Valparaisa 78, Ball St. 75 Wis-Green Bay 76, Buller 64 Wis-Milwaukee 77, Wisconsin 72 Xavier, Ohio 70, Miamil Ohia 67 SOUTHWEST Houston 92, IIL-Chicago 66 Oklaheme St. 93. Bayler 75

Okiahama St. 71, Bortor 75
SW Texas St. 87, Texas Weslayan 60
South Alabama 84, North Texas 77
Texas Tech 72, Colorada St. 62
Texas-El Paso 96, Abliene Christian 6
Tulsa 104, Gral Roberts 81
FAR WEST
Arizana 78, Utoh 64
Bolse St. 78, Wyomins 50

Arizona 78. Utoh 64
Bobs St. 70. Wyoming 50
Long Beoch St. 72. Southern Cal Coil. 62
Mantana 74. Portland 66
Mantana St. 66, Son Jose St. 57
Nevada 74. Fresna St. 64
New Mexica 67, New Mexica St. 62
Oregon 80, Idaho 61
St. Mary's Col. 65. Villianava 64
Stanford 68. Sacramento St. 33
UCLA 90. Son Diego 63
UNILV 89, Son Diego 63
UNILV 89, Son Diego 65. 77
Washington St. 83. E. Washington 66
Weber St. 85. Utoh St. 80

SKIING World Cup Results

MEN GIANT SLALOM Results Sondory from Alfa Bodie, Italy: 1, Marc Girardelli, Luxembours, 1:22,57 min-utes; 2, Aloin Feufrier, Pronce, 1:22,65; 3, Shant Lorder, Switzerland, 1:23,64,6 Dayl

176; S. Stock, 158; 6. Franz Heinzer, Switzer-

WOMEN
DOWNHILL
Results Saturday fress Vail, Calorada: 1,
Mirlom Vogi, Garmany, 1 min 42,66 secs; 2,
Katrin Gutensohn, Germany, 1:42,90; 3. Kerrin Lee-Gartner, Canada, 1:42,93; 4. Katila SelMaria Anala Maria Maria Maria WOMEN Irlo, 1:43.19.

Nrd. 1:43.19.

Overati Warld Cup Standings (offer five events.): 1. Permille Wilhery, Sweden, 231 points; 2. Antia Wachter, Austria, 205; 3. Voot. 185; 4. Annelise Coberger, New Zealond, 146; 5. Ulrike Maler, Austria, 136.

6. Julie Paristen, United States, 134; 7. Vreni Schneider, Switzerland, 116; 8, Petro Kroberger, Austria, 106; 9, Nation Bekal, Stovenia, 97; 18, Carole Merle, France, 93.

HOCKEY NHL Standings

Pittsburgh Weshington NY Rangers New Jersey Philiodelphic

| Line | 1.22.45 | 2. Aloha | Feuriter, Fornca | 172.45 | 2. Detroit | 16 | 15 | 1 | 33 | 137 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |

Graves (11), 5.King (2); Konies (21), Bureau (3), Creighton (8) 2 Shots on good—New York (on Bergeron) 8-13-10—31. Tampa Boy (on

Weshington
Seforme (22) 3, Housiev (7), Romanius (2),
Davydov (13); Intrate (9), Ehynsis (7), Kirishich (5) 2, Phyniko (3) 2 Janes (3), Miller (8).
Shafts on good—Winnipeg (on Hirtynok) 9-5-

Torismo 2 1 9-3 Dohl (2), Nieuwendyk (17), Suter (6), Ret-chel (7), Fieury (14) 2; Mironov (6), McLiwoln (4), Osborne (3), Shefs on goal-—Caligary (on Wamshay) 6-0-11-25. Toronto (on Vernon) 14-14-2-35 SATURDAY'S RESULTS

Pivonko (4), Elypuik (6), Bondro (17), Corpenter (5), Hotcher (10); Brind'Amour (10) 2. Shets on good—Washington (on Becuregard)

Buffale 8 9 1 5-1 Horsterd 1 9 6 6-1 Suften (1), Burt (2). Shots an gool—Buffale (on Burke) 10-8-7-0-27. Hartford (on Hasek)

CALVIN AND HOBBES

WIZARD of ID

OH LOOK, YET ANOTHER CHRISTMAS

TV SPECIAL!

Hull (1a), Butcher (3), Shanahan (14); McSartev (8), Millen (18), Conocher (4), Zhit-nik (4), Donoelly (14) 2, Shots an gool—St. Louis (on Stouber) 11-21-15—47. Los Angeles (on Joseph) 6-16-10—32.

Som Jose 1 1 5 8-7
Duchesna (7), Walanin (1), Lindsov (4), Gusarav (5), Ricel (11), Young (15) 3; Picard (1), Falloon (7), Gaudreau (7) 3, Evason (5), Suttli-

SOCCER DUTCH FIRST DIVISION Volendam 5, Willem II Tilburg 1 Income PSU Einflower 24 EG IV

PC Volendam 5, Willem 11 Thours 1
Dordrecht 0, PC Uhrecht 2
Standings: PSV Eindhoven 24, PC Uhrecht
29, MVV Monstricht 20, Peyenoord Rotterdam
19, PC Twente Enschede 19, Alax Amsterdam
18, Vitesse Arnhem 17, Willem II Tilburs 15,
Sports Ratterdam 13, PC Volendam 13, PC
Grontingen 13, Roda JC Kerkrade 12, RKC
Wasiwilk 12, Go Ahood Eagles Deventer 12,
Combour Leeuwarden 9, Fortuna Siltard 8,
Dordrecht 7, PC Den Bosch 7,
ENGLISH PREMIER LEAGUE
Chelsea 9, Middlesbrough, 0
Aston Villa 2, Nottingham Forest 1
| Ipawich 3, Manchester City 1
| Leeds 3, Sheffield Wednesday 1
| Manchester United 1, Norwich 9
| Gusens Park Rangers 1, Crystal Palace 3
| Sheffield United 1, Everton 9
| Southampton 2, Coventry 2, 11e

Southernation 2. Covenitry 2. Ile Tottenham 1. Arsenal 0 Wimbledon 5, Oldham 2 dines: Norwich 39. Aston Villa 34. Man-Standarys: Norwich 39, Aston Villo 34, Man-chaster United 33, Chelson 22, Blackburn 31, Instrict 29, Queens Pork Rangers 29, Arsenol 29, Coventry 24, Liverpool 25, Monchester City 25, Middlesbrough 25. Tortenham 25, Leeds 24, Southampton 23, Sheffield United 21, Sheffield Wednesdoy 25, Everton 19, Wilmbledon 18, Ost-hum 18, Crystal Poloce 18, Nottingham Forest 14.

FRENCH FIRST DIVISION

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CONGLOMERATES

Oynomo Dresden 1, FC Kolserlautern 3 Werder Bremen 1, VfB Stuttgart 1, tie Standlags: Bovern Aunich 2s, Einfrach Frankfurl 24, Werder Bremen 23, Borusek Dortmund 21, Kortsruhe 5C 21, Bover Laver kusen 29, VfB Stuttgart 19, FC Kalser Slouter B. EC Nucembers 12, Dynamon Desden 14 18, FC Nurembers 17, Dynamo Dresden L Schalke 16, Hamburger SV 15, FC Son bruecken 14, FC Cologne 13, Borussi 0

14. FC Cologne 13. Borusalo Moench.13. Wottenscheid 12. Borusalo sen 11. VIL. Bockum 8. gen 11, VIL Bochum 8.

ITALIAN FIRST DIVISION
Atolanto of Bergamo 1, Brescia 1
Fospia 2, Juvenius of Turin 1
Genoa 2, Nosoil 1
Lazio of Rome 3, Internazionale of AC Millon 2, Ancona 0
Parma 3, Florentino 1
Pescara 2, Sompdorio of Genoa 2
Torino 0, AS Romo 0
Udinese 2, Cooliani I

Torino 0, AS Romo 0
Volnese 2, Cogiliari 1
Standings: AC Millian 21, Florentino 15, Torino 15, Internazionate 15, Juventus 14, Lazio 14, Sampdori 14, Capilari 14, Atalanta 14, Panma 13, Genoa 13, Roma 12, Udinese 12, Brescia 12, Poggla 12, Napoli 8, Ancona 8, Pescara 6, SPANISH FIRST DIVISION
Reol Societad 1, Sevitia 9 Real Sociedad I. Sevilla 8 ngs: Barcelona 21, Departivo La Co-

rung 19, Affelico de Madrid 19, Regi Madrid 18. Athletic de Bilboo 16, Sevilla 16, Valencia 15, Sparting de Gilon 15, Rayo Vallecono 14, Zarasma 12. Tenerife 12, Es Cetto 12. Real Soci 8. Cadiz 8, Burges 8, Legranes 5.

GRICKE

FINAL ONE-DAY INTERNATIONAL New Zealand vs. Sri Lanka Souday, in Colombo

WORLD SERIES CUP

DAD DOESN'T HANDLE THE SEASON'S STRESS VERY

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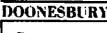












12-14

BEETLE BAILEY

BEETLE, YOU HAVEN'T MOVED A MUSCLE ALL DAY! I'LLSHOWE'



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THATS A GOOD

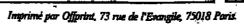






REASSURED AFTER RILEY TELLS HIM HE'S IN NO





SFOOTBALL

Tar Heels Defeat Houston Williams's Return

Spurs N. Carolina

The Associated Press Donald Williams returned to ac-

tion and scored 21 points Sunday. as the fifth-ranked North Carolina struggled to an 84-76 victory over iston in Chapel Hill, North Čarolina.

Williams sat out North Carolina's previous game with bruised

COLLEGE BASKETBALL

ribs suffered a week ago against Texas. He came into the lineup late in the first half against the Cougars and scored 10 points in the closing Williams added two 3-point bas-

kets during a 26-7 run that helped the unbeaten Tar Heels (5-0) take a 66-43 lead with 11:51 remain A 13-0 run covering five minutes.

built mainly on free throws, drew Houston (2-1) within 70-62 following a 3-pointer by Tyrone Evans with 6:04 left. But Houston didn't get any closer.

No. 1 Duke 88, Rutgers 79: On Saturday, in East Rutherford, New Jersey, Bobby Hurley had 16 points and I assists and keyed a decisive 19-6 run with a 3-point basket and assists on two Grant Hill dunks as Duke (4-0) downed Rutgers (2-3).

No. 2 Kansas 108, Missouri-Kansas City 62: In Kansas City, Missouri, Eric Pauley scored 15 points as Kansas (5-0) breezed to the championship of the Golden Harvest Classic, in their first meeting with Missouri-Kansas City (2-3).

No. 3 Kentucky 88, No. 9 Louisville 68: In Louisville, Jamai Mashburn scored six of his 27 points during a 17-1 run in the second half. Kentucky (4-0) recorded its third straight victory in the intrastate ri-valry with Louisville (1-2).

No. 4 Indiana 97, W. Michigan 58: In Bloomington, Indiana, Calbert Cheaney scored 22 points, including the 2,000th of his career, as Indiana (7-1) crushed Western Michigan (1-3) to win the 19th an-

No. 8 Iowa 78, Iowa State 51: In lowa City, Val Barnes scored 19 points and Acie Earl added 15 as lowa (5-0) kept Iowa State (4-2) scoreless for nearly eight minutes

in the first half. No. 11 Georgetown 87, Mary-land-Eastern Shore 54: In Washngton, Othella Harrington scored 7 points in a 12-point Georgetown (4-0) run at the close of the first

half. The Hawks fell to 2-4. No. 11 Oklahoma 93, No. 23 Massachusetts 83: In Norman, Oklahoma, the Sooners, 5-0 and tied with Georgetown at No. 11, got 25 points from Jeff Webster and used a

17-1 run late in the game for the victory over the Minutemen (2-2). No. 13 UCLA 90, San Diego 63: In Los Angeles, Shon Tarver scored 21 points and Kevin Dempsey added 14 to lead UCLA (5-1). The other three UCLA starters also scored in

double figures. No. 14 Arizona 78, Utah 64: In Tucson, Arizona, Khalid Reeves hit back-to-back 3-pointers during a 14-2 second-half run, the second of which gave Arizona (2-1) the lead over Utah (4-1) for good at 51-

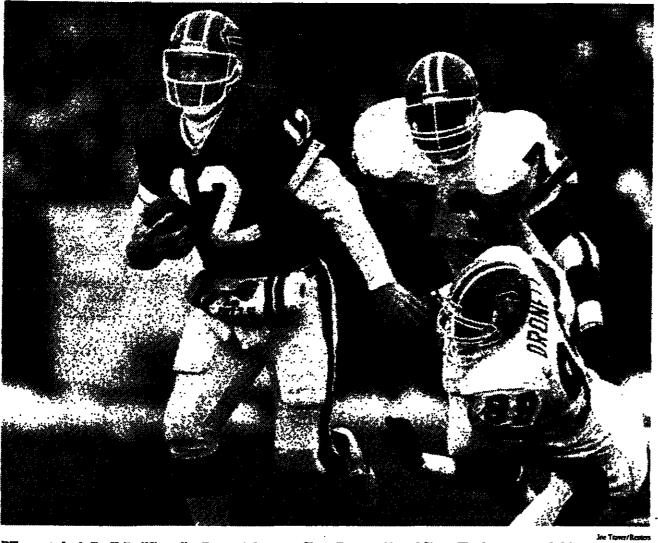
50 with 10:05 to go. No. 15 Syracuse 104, Texas-San Antozio 78; In Syracuse, New York, Mike Hopkins and John Wallace scored 18 points each, and the Orangemen (5-0) used a full-court press to force the Roadrunners (1-2)

into 19 first-half turnovers. No. 17 Georgia Tech 102, Georgia St. 79: In Atlanta, James Forrest ignited a 24-4 game-opening run to lead Georgia Tech (2-1) to victory over its crosstown rival

Georgia State (2-1). No. 18 Purdue 84, Loyola 70: in West Lafayette, Indiana, Glenn Robinson scored 21 points and the Boilermakers (4-0) broke the game open in the first five minutes of the second half by outscoring Loyola (1-3), 16-3.

No. 19 Cincinnati 91, Georgia Southern 57: In Cincinnati, Curtis Bostic scored 16 points and led an opening 15-5 flurry that started Cin-cinnati (3-0) on its way to victory

No. 20 Tulane 91, NW Louisiana descating Seattle. 81: In New Orleans, Anthony Reed Consecutive 3-pointers by Price scored 23 points and Tulane (5-1) and Craig Ehlo extended the Cavashook off a cold streak and the liers' 87-86 lead to 93-86 with 38 persistent Northwestern (2-1) de- seconds to go. The Sonics then fense to preserve the victory.



Bills quarterback Jim Kelly (12) evading Bronco defensemen Shane Dronett (99) and Simon Fletcher as he headed for a touchdown.

Hearst of Georgia, who finished third.

Reggie Brooks of Notre Dame.

Marvin Jones, a linebacker from Florida State, finished fourth, ahead of running back

retta said. "I want to thank my teammates,

especially the defense, because they're the

His mother, Connie, attended the ceremo-

ny, along with his three brothers. His father, Al, died in 1988.

"I always told him if he'd put his best foot

forward, he'd be the best, and today he is the

Torretta became the second Miami player

to win the Heisman, which honors college

This is truly a prestigious honor," Tor-

Scrambling This Time, Torretta Wins the Heisman

and Barry Sanders - were juniors.

Bowl at New Orleans on Jan. 1.

Torretta's comfortable margin of victory

came as a result of a career record of 26-1 as

the starting quarterback of the University of

meet No. 2 Alabama (11-0) in the Sugar

Torretta will have an opportunity to join Davey O'Brien of Texas Christian and Tony

Dorsett of Pitt as the only Heisman winners

to play for an undefeated, untied national

The Hurricane quarterback completed 228

of 402 passes this season for 3,060 yards. He

O'Brien did it in 1938; Dorsett in 1976.

ship team that won a bowl game.

Miami Hurricanes, currently the No. 1- for the injured Erickson. ranked team. The Hurricanes (11-0) will "Gino is smart, he may

49ers Prevail, 20-17, **Over Slumping Vikings**

Compiled by Our Stuff From Dispatcher forced three turnovers and virtually The San Francisco 49ers continno irreplaceable parts.

Amp Lee, filling in for the injured Ricky Watters, rushed for 134 yards recoveries and a pass interception and a touchdown and also caught a to take a 13-3 halftime lead. scoring pass Sunday as the 49crs bear the slumping Minnesota Vilings, 20-17, in Minneapolis.

The Vikings (9-5) moved into

At the end of the third quarter, Jim Harbaugh hit Neal Anderson NFL ROUNDUP

field-goal range late in the game, but Tim Harris twice sacked Rich (12-2) then ran out the clock, with Lee gaining 27 yards.

Steve Young completed 20 of 26 passes for 183 yards, helping the 49ers move within one victory of clinching the National Football Conference West. Minnesota, which lost two in a

row for the first time this season. has dropped three of its last five games. The Vikings still needed one victory or a Green Bay loss to win the NFC Central.

Watters rushed for 985 yards and nine touchdowns and caught 42 passes for 395 yards and two scores before hurting his shoulder on Nov. 29. But, like Joe Montana and John Taylor before him, he was replace-able in Sau Francisco's consistently superb offensive system.

Bears 30, Steelers 6: In Chicago, the Bears' defense, inspired by Mike Singletary's last home game,

Since Torretta became the full-time starter

"Gino is smart, he makes few mistakes

than anyone I've ever had," said Coach Den-

The 6-foot-3, 205-pound (190-centimeter

ing yards (7,690) and total offense (7,772).

He needs only two touchdown passes ag

but the most important thing is winning.

ued to prove Sunday that they have Barry Foster, as Chicago ended a six-game losing streak.

Chicago (5-9) used two fumble

NFL ROUNDUP

with a 15-yard touchdown pass to Gannon, forcing Minnesota to put the Bears ahead by 17 points, punt with 2:13 left. San Francisco As the final period opened As the final period opened. Shaun Gayle picked off a Bubby Brister pass and returned the ball 30 yards to the Pittsburgh 14. Chicago settled for a 38-yard field goal by Kevin Butler, his third 3-pointer

> Lions 24, Browns 14: In Pontiac, Michigan, Andre Ware passed for 138 yards and two touchdowns and ran for 68 yards as Detroit dashed Cleveland's hopes for an American Football Conference wild-card

> playoff spot. Ware had a 13-yard touchdown pass to Brett Perriman and a 19yarder to Reggie Barrett. Barry Sanders, who carried 30 times for 87 yards, had a 14-yard touchdown run and Jason Hanson kicked a 46yard field goal for the Lions (4-10). Ware was making his first start since the ninth game of the 1990 season against Minnesota.

Chiefs 27, Patriots 20: In Kansas City, Missouri, Dave Krieg threw a 43-yard touchdown pass to Willie Davis early in the fourth quarter to top a Kansas City rally. The game was played in a heavy rain that helped create eight turnovers including seven fumbles — four by the Chiefs. combined total of Faulk and Garrison Desmond Howard, Ty Detmer, Andre Ware verde, Steve Walsh, Craig Erickson, Bernie

Christian Okoye fumbled the in 1991, Miami has gone 23-0. He was 3-1 as ball away on the first play of the a redshirt freshman in 1989, when he filled in game and Tim Goad ran it back 19 yards for a touchdown that gave the Patriots the lead 18 seconds and he probably operates the offense better into the game.

New England built a 13-3 advantage before the Chiefs began their comeback which boosted Kansas City to 9-5.

93-kilogram) Torretta is Miami's career lead-er in completions (555), attempts (991), pass-The Patriots fell to 2-12. Krieg completed 10 of 21 passes for 196

Colts 10, Jets 6: In East Ruther-Alabama to become the Hurricanes' all-time ford, New Jersey, Jack Trudeau came off the bench late in the "We have a great quarterback tradition here, and I've been proud to carry it on," said fourth quarter and threw the game's only touchdown, keeping Torretta, who comes from a town near San Francisco. "Setting all these records is nice. the Colts' faint playoff hopes alive. Trudeau, who started the last

jured, replaced George late and guided the Colts 71 yards in five plays, including a 41-yarder to Kerry Cash on third down.

The game-winner was a 23yarder to Charles Arbuckle with 2:29 remaining. Arbuckle replaced Cash on the play after Cash had seven receptions for 104 yards.

The third straight victory overall for Indianapolis and its 10th in the last 12 meetings with the Jets (4-10) lifted the Colts to 7-7 after going 1-15 last year. They have an outside shot at an AFC wild-card playoff

Falcons 35, Buccaneers 7: In Tampa, Florida, Wade Wilson, given a chance to rejuvinate his 12year career, threw five touchdown passes - two of them to Michael

Andre Rison. Mike Pritchard and Deion Sanders caught the other touchdown passes from Wilson as the Falcons won on the road for the first time this year. It took Atlanta seven road games to win one and the Falcons became the last team in the NFL to post a victory away from home this season.

Wilson completed 19 of 26 passes for 324 yards. Having spent his previous 11 years with the Vikings, Wilson was picked up this year by the Falcons and replaced Billy Joe Tolliver in the starting lineup this week.

Cardinals 19, Giants 0: On Saturday in Tempe. Arizona, the Cardinals ended a pair of long nonshutout streaks and four years of futility against the Giants. The Cardinals (4-10) snapped a

four-game losing streak and an eight-game skid in the series. The Giants (5-9) have lost five straight. The Giants, who beat Phoenix 31-21 on Oct. 11 with a healthy Jeff Hostetler at the controls, had to go with rookie quarterbacks Kent

Graham and Dave Brown. Bills 27, Broncos 17: A reverse flea-flicker, which ended with Jim Kelly throwing a 64-yard touch-down pass to Don Beebe, snapped the Bills' five-quarter offensive drought against Denver and provided Buffalo with the momentum to win in Orchard Park, New York. The trick play revived the Bills offense, which wasn't able to score on Denver's defense in last season's 10-7 victory in the AFC Championship or in the first quarter on Saturday. (AP, UPI)

He received 1,400 points, 320 more than football's best player, joining Vinny Testa-verde, who won in 1986. Torretta is the first threw 19 touchdown passes with just 7 inter-San Diego State's sophomore running back, Marshall Faulk, Torretta's total of 310 first-Torretta has won more games than any of Miami's great quarterbacks, including Testasenior to win since Tim Brown of Notre place votes, of 779 ballots, exceeded the Dame in 1987. The four previous winners -

The Associated Press

New York to claim his award.

Charles Barkley scored 39 points, but almost cost Phoenix the game in the closing seconds before the Suns won their seventh straight, 122-118 over the Miami Heat.

By Malcolm Moran

New York Times Service

man Trophy candidate by throwing the foot-ball. But in the final hours before his senior

season definitely became a Heisman season, Gino Torretta of the University of Miami

Torretta became the winner of the 58th

Heisman Memorial Trophy Award on Satur-

day, but not before a storm throughout the Northeast forced a change in his itinerary. He began the trip in Louisville, Kentucky,

where he accepted the Johnny Unitas Award on Friday. He flew to Cleveland, then to

Newark, New Jersey, and then went by lim-

ousine to the Downtown Athletic Club in

was forced to do a little scrambling

NEW YORK - He qualified as a Heis-

The Suns led, 120-117, Saturday night in Miami, when Barkley threw away an inbounds pass and

NBA HIGHLIGHTS

then fouled Grant Long, who made the first of two from the line to pull the Heat within two with 16 seconds left in the game. Long missed the second shot, but on the re-bound, the Suns' Tom Chambers fouled Willie Burton, who went to the line with the chance to tie the

Burton missed both free throws, however, and Danny Ainge, who scored 23 points for Phoenix, was fouled and hit two from the line for the final margin.

The loss was the seventh in eight games for the Heat, who were led by Rony Seikaly with 25 points, including 19 in the second half. Bimbo Coles added 23 points and Glen Rice 22 for Miami.

Knicks 95, Pistons 88: In New York, Patrick Ewing and Charles Smith each scored 21 points, and New York overcame poor shooting with a fourth-quarter rally against Detroit, snapping the Pistons fivegame winning streak.

The Knicks, who trailed by 16 in the first half, took the lead for the first time — and for good — with 7:41 left in the game on John Starks's 3-pointer. That capped a 14-4 burst to open the fourth peri-od and wiped out a 72-63 deficit.

Cavaliers 97, SuperSonics 93: In Richfield, Ohio, Mark Price scored seven of his career-high 39 points in over Georgia Southern (3-1) in the the final 71 seconds as Cleveland final of the Delta Bearcat Classic. ended a four-game losing streak by

were forced to foul, and Price made

Suns Edge Past the Heat, 122-118 four free throws in the last 11 sec-

best," he mother said.

nine games for the Nets, now 6-4 Rockets 194, Timberwolves 87: on the road. New Jersey has not onds In Minneapolis, Hakeem Olajuwon won at Chi scored 25 points and Scott Brooks wary 1986. came back to hannt his former Minnesota teammates as Houston won its fourth consecutive game.

monits in the third period, helping
Minnesota pull to 74-68.

Bulls 95, Nets 89: In Chicago,
Michael Jordan scored 38 points

Michael Jordan scored 38 points

Won for the sixth time in seven games, routing Milwaukee.

Frank Brickowski had 19 points and Blue Edwards 18 for the Bucks,

leading contender.

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and Chicago snapped New Jersey's four-game road winning streak.

won at Chicago Stadium since Jan-Jazz 168, Bucks 82: In Salt Lake City, Utah, Karl Malone had 27 points and 14 rebounds as Utah

Chuck Person scored 13 of his 28 won for the sixth time in seven

who have lost six straight games following a 10-3 start to the season.

The \$3 Million Title Bout: **Bowe Declines the Offer**

LONDON - Lennox Lewis of Britain will not be the first

challenger to the world heavyweight boxing champion Riddick Bowe, his managers conceded on Sunday. The American has rejected Lewis's offer to fight for just over \$3 million and instead has signed a two-fight deal with the U.S.cable television channel Home Box Office, which rules out Britain's

"We are fed up with chasing someone who doesn't want to fight us and is degrading the title," said Lewis's manager, Frank Maloney. "Everybody knows Bowe signed an agreement to meet Lennox," he added, "but the world is big place and he can't go on running forever. The way Bowe's going, one day he'll end up losing the title

The World Boxing Council is now certain to make Lewis its champion early in January and look to a first defense, possibly against Alex Stewart in March.

■ Benn Retains Super-Middleweight Title Nigel Benn retained his WBC super-middleweight title on Saturday when the referee stopped his bout with Nicky Piper in the 11th round, Reuters reported from London.

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SIDELINES

Marvin Jones Wins Butkus Award

Kosar and Jim Kelly.

leader in that category.

nis Erickson.

The loss was only the second in ORLANDO, Florida (AP) - Marvin Jones of Florida State added to his collection of postseason honors when he won the Butkus Award as college football's top linebacker.

Jones, who has 28 career tackles for losses for the Seminoles and ranks seventh on Florida State's all-time tackles (369) list, is a consensus All-American and winner of the Lombardi Award for the nation's premier ineman. Earlier Saturday, he finished fourth in the balloting for the

Heisman Trophy — presented to college football's top player.

Micheal Barrow of Miami and David Hoffmann of Washington were the other Butkus finalists. Jones received 80 points and 12 of 20 possible first-place votes. Barrow was second with 64 points and six first-place votes, and Hoffmann garnered 36 votes and was first on two ballots. The award was presented by the Downtown Athletic Club of Orlando. Voting was conducted by a panel of 20 reporters and football coaches and scouts.

Jockey Recuperating After Accident LOS ANGELES (AP) - Kent Desormeaux, who suffered several

hairline skull fractures when he was kicked by a horse in a fall at Hollywood Park, says he expects to be back in the saddle in less than a month. Desormeaux, the leading money winner in the United States this year, said Saturday night that he expected to bounce back quickly from the spill, which occurred during Friday's second race. The jockey had four hairline fractures of the skull.

"I've got hemorrhaging and a bunch of fluid and cuts and bruises on my face," he told the Daily News of Los Angeles from his hospital bed.

Winfield Won't Return to Blue Jays

if the world (AP) — Dave winited has confirmed baseball's worst-kept secret: He is not returning to the Toronto Blue Jays.

"It would be nice if I had some good news for you or the City of Toronto or myself or whatever," Winfield said Saturday. "Basically I'm just here to tell you I won't be a Toronto Blue Jay next year."

Winfield's job disappeared when the Blue Jays signed Paul Molitor earlier in the week. And so Winfield, a guiding force in Toronto's first World Series championship a mere two months ago, finds himself in the same position as he did last year. He went job-hunting after leaving the California Angels and ended up in Toronto a week before Christmas.

TORONTO (AP) - Dave Winfield has confirmed baseball's worst-

Ouotable

 Marty Schottenheimer, Kansas City Chiefs' coach, after being criticized for an unimaginative offense: "Play calling is overrated. If your people know what to do and they do it fundamentally sound, you're going to win. That's what coaching is all about."

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DELIVERY IN KEY CITIES

Pa

Hitler Diaries as Comedy? It's 'Schtonk'

By John Rockwell New York Times Service

M UNICH — Last year, the Germans incurred a good deal of international disgruntlement by refusing to offer Agnieszka Holland's "Europa, Europa" as a contender for the best foreign-film Oscar.

The ostensible reason was that Holland was Polish-French and the film's financing was not German, despite the film's German actors and crew and its use of the

German language.
The movie, about a Jewish teenager who disguises his identity during World War II, was called "an embarrassment" by the head of the German Export Film Union. A wide range of progressive German filmmakers and actors protested their coun-

ury's decision. Now that Germany is widely in the news because of neo-Nazi attacks on foreigners, the Germans have nominated (for both the Oscars and the Golden Globe Awards) a film about neo-Nazis and the

forgery of the Hitler diaries.
Entitled "Schtonk," the movie is a comedy, no less. One might well think that the Germans have shot themselves in the foot once again, national imagewise.

But the story is more complicated than that, and "Schtonk" — which will be shown at the Museum of Modern Art in New York in early January (as part of a series on German films) - is cleverer and more politically astute than the descrip-

tion might suggest. Helmut Dietl, its affable writer and director, was born in 1944, raised in Munich and is still based here. But unlike mos Bavarians, traditionally conservative and provincial, he is a firm proponent of democracy and a Western orientation for

His idol is Billy Wilder, the masterly Vienna-born director of comedies. Dietl lived in Los Angeles for four years, directing commercials and videos and trying to put together a film about the Chateau Marmont, a residential hotel on Sunset Boulevard that has seen its share of celebrities at their best and worst. He also has a house in the south of France.

Dietl's film won this year's German Film Prizes (the German Oscars) for best picture, best director and best actor - the last to Götz George, who plays Hermann Willié, a down-and-out journalist who thinks he has the scoop of the century. In Germany alone, more than two million tickets have been sold for "Schtonk,"

nator 2" sells more than twice that many. The word "schtonk" is a meaningle expletive uttered by Charlie Chaplin in "The Great Dictator." The script, written with Ulrich Limmer, is based on fact.

although a big American film like "Termi-



Götz George, as the down-and-out journalist in "Schtonk," won this year's German Film Prize for best actor.

In 1983 the Willie prototype, a reporter named Gerd Heidemann, thought he had found the actual diaries of the Führer, which were really forged by a man named Konrad Kujau. Heidemann sold the publication rights to the popular German weekly Der Stern for more than \$5 million, and Der Stern rushed excerpts into print with-

out doing much checking. Kujau, who had an ornate private life involving a bickering wife and mistress under the same roof, was pressured to crank out 29 more volumes, hurling even aspects of his own private life onto the pages ("I am suffering from wind in the

Three days after Der Stern's scoop, the diaries were dismissed by German government experts as the "superficial concoction of a copyist endowed with limited

intellectual capacity."

Dietl said that he had had almost no contact with the actual conspirators none with Kujau, and only one day with Heidemann, who visited the set. "I didn't want my vision to be distracted by the real

thing," the director said. Heidemann and Kujau, both of whom served jail terms, are each separately still ing Nazi memorabilia, by the way: Kuiau is on the trail of stolen art treasures, and Heidemann unearthed a piano and a guillotine actually owned by Hitler.

In his film, Dietl portrays nostalgic exand neo-Nazis in wickedly satirical terms, but he also mocks Der Stern's greedy guliibility, the reporter's desperate need to believe in his discovery and the crazed ingenuity of Kujau, whose character is called Fritz Knobel.

Dieti says his film has appealed to German sophisticates, not to a perhaps more

conservative provincial public.
"We made an analysis," he said. "The people who went to this film were the good Germans'; they made it a success, The neo-Fascists and the neo-Nazis, they

were strongly against it.
"I am a child of the Bundesrepublik," he said, referring to Western Germany. "As I watched the country being reunited, I couldn't participate in the joy. I can understand it as basically a good thing, but my background makes me afraid. I guess I am a German, and I like this country, but I'm not ready to wave the German flag,"

Despite the success of this one movie, Dietl does not predict a revival of German films, in the doldrums since the death a decade ago of Rainer Werner Fassbinder. Nor does he see "Schtonk" as a leader of that revival.

"There is no German film industry anymore," said the director, who notes that he himself has no problem raising capital for

"If you want to make a film in Germany, it's like trying to plant something on the North Pole. People want to cast me as

Dietl. who has worked on television series and films, blames television for the decline of the German film industry.

the savior of German film, but I can't

"Certain principles that make for good films aren't respected anymore," he said. Quality is no longer a goal — the idea is just to get it done. How it looks is irrelevant, because that's not important on TV. In France, there's still a pride about film."

Even with its German success, "Schtonk" has not been an easy sell abroad. As Dietl put it recently, "When outsiders hear the words 'German comedy,' it sounds the same to them as 'Swedish spaghetti' - a contradiction in itself."

The recent wave of German anti-Semitism and neo-Nazi attacks on foreigners has only compounded the film's marketing

"It is being released in January in England, by a small distributor of art films," he said. "But it hasn't been sold yet in Japan, and in America; they're afraid how the public will react. What's happening in Germany today is like a first step to a catastrophe. It makes me nervous, too.

> 15 Arab sulta 17 Of yore

The Synonymy of Renewal

By William Safire

WASHINGTON — I was having some trouble with a leaky copper gutter, and the beams in the basement looked bent out of shape, so I called Martha Stewart.

This author of cookbooks and guides to weddings and other entertainments has a new book out — "New Old House" - dealing with restoration and renovation. Actually, not gutters but leaders are my problem; during Washington's interregnum, the synonymy of renewal was bothering me.

She writes in the book, after consulting the Random House dictio-

It takes a heap of livin' to make a housekeeper a homekeeper.

nary: "It is my understanding that a restoration is a pure, line-for-line replication of a space or object, as nearly as possible to its original state. A renovation is a rebuilding of a space or object, with less attention paid to authenticity than to making it new again."

I wanted to hear a less formal differentiation from her own lips. "Restoration is putting things back the way they were," Martha Stew-art says. "It's making a house like a moscum, the way it was when first built — taking new paint off old paneling, taking it back in time. "Renovation is making something new again - putting in bath-rooms, knocking out walls, making an old house more livable for to-

And what about rehabilitation remodeling and refurbishment? "You're going to have to work those out for yourself," she said. Where did I put that ruler with the bubble in the middle? Here we

The norm restoration dates back to the 15th century. In British history, the Restoration (which ended the interregnum) began in 1660 when Charles II returned to England and re-established the monarchy. George F. Will uses the term to title his new book on Congressional reform, intended to restore respect to Congress. "Term limita-term is steamrollered; perhaps the tion," he concludes, "is a measured, writer wanted to play on being

back to the early 1400s. The Latin habilitas is the root of who has been degraded or attainted." A Scottish register announced, "Our Soverane Lord . . . rehabilitattis and restoris the said Robert . . . to his gude fame." Thus, rehabilitate is close to "restore to a previous state," while renovate is

closer in meaning to renew, or "make new again," but not necessarily to replicate — meaning "copy, reproduce" — the house that used to be. Both are far from remodel, which means to change the floor plan or alter the structure.

Refurbish, a word much mocked when used by Walter H. Annenberg in telling Queen Elizabeth of his plans for the American ambassador's residence, originally meant "to repolish"; now its meaning lies somewhere between redecorate. "to redo the style of interior furnishings," and spruce up, perhaps from spruce leather, a smart item once imported from Prussia.

So what is Martha doing to her house? "I'm renovating the inside and restoring the outside," she says. "while working on a new book

about homekeeping."

Homekeeping? "It's not just housekeeping once your house becomes your home, you have more at stake." (It takes a heap of livin' to make a housekeeper a home-

"I'm not going to be buffaloed into appointing independent counsels," declared Attorney General William P. Barr, derided as the Cover-Up General by the Iraqgate implacables, "by political clamor and by the views of editorial writ-

Americanism found its way into a Newsweek subhead: "Don't get buffaloed was its advice to President-elect Bill Clinton, who had made a concession to the Senate majority leader, George Mitchell. (That was followed by "He'd better wise up or he'll get steamroiled again." The more familiar slang

moderate and — let it be said — "rolled," taken advantage of, as well as being flattened by being run over by a steamroller.)

The meaning of to be buffalord is to be overawed, intimidated or "ability": English picked up the meaning of rehabilitate in 1580, as "to re-establish the privileges of one confused." Do not confuse it with bulldozed, which means "pushed aside roughly" and is synonymous aside roughly" and is synonymous with steamrollered. The origin of buffaloed may be in "to be cowed" or frightened into submission; but falo has long been used for "a cow without horns" as well as for the

The Dictionary of American Regional English cites an 1896 Dialect Notes entry, "Buffaloo: to confuse, 'rattle,' " In 1929, American Speech reported, "When a cow becomes confused it is buffaloed."

That is no longer the common usage, nor is the verb used in the active voice. In current use, to be buffaloed is to be daunted, spooked, unnerved. It is nice to see this fine old bit of folklore on the rise in Washington, where the skies are no ionger cloudy all day.

"I want to put a fist halfway down their throats with this," an irate Bill Clinton was quoted as saying by Mark Miller in News-week, adding, "I want their teeth on the sidewalk." in a recent column, I noted the

richness and unexpected power of this dialect use by the president-tobe and wondered if the reporter was on the scene when the words were spoken.

Turns out he was right there, Mark Miller called to say he heard the expressions with his own ears and made contemporaneous notes. Thus is history served; few other statements by the campaigning Clinton will be noted as lip-smackingly by historians.

Miller says, "The figures of speech are not an affectation -he really talks that way; he's comfortable with Arkansas slang. When I once beat Governor Clinton at In the same week, the colorful hearts — a rare thing for me got him to sign the score sheet, and be wrote, 'Even a blind hog can find an acoru.

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New York Times, edited by Eugene Maleska

WEATHER



A storm with more into west-ern portions of the United States and Canada Wednesd day and Thursday. Most of the rain will stay north of San Francisco. Chicago and the rest of the central United States will have rain Tuesday and Wednesday. Thursday will be colder. Rain will arrive in the east Wednesday.

North America

No truly cold weather is in sight for weatern Europe. Wel and at times stormy weather will be widespread from Scandinavia to Britain and France. Windswopt showers will dampen Portu-gal and Spain Tuesdey and Wadnesdey. Italy may turn showery at midweek, and the north will be foggy. Sessonably chilly, mainly dry weather is in store through at least midweek from Osaka to Tokyo, as well as from Beling to Shanghai. Seoul will be cold and dry. Hong Kong will be breezy with some sunshine. Gusty winds and showers will cool Taipei Tuesday.

Solution to Puzzle of Dec. 11

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BOOKS

THE VENERABLE BEAD By Richard Condon. 294 pages.

SMALL GAME By John Blades. 239 pages. \$19.95. Henry Holt.

\$21.95. St. Martin's Press.

Reviewed by

Herbert Mitgang THE heroine of Richard Condon's 25th novel — his deadli-est satire on the underbelly of American life since his series of Prizzi novels - starts out as Leila Aluja, the canny daughter of Iraqi immigrants, who acquires the rights to Tofu Pizza, the taste sen-

She advances from demonstrating prepacked lunches at a trade school in Michigan to become the

sation of Europe and Asia.

billionaire head of the world's largest fast-food conglomerate. Her companies own 114,720 outlets in 31 countries: a national evangelical television network; casinos in Nevada, Aruba, the Bahamas and Puerto Rico; a chain of ballroom dancing schools, and "seven U.S. senators and 61 congressmen.

which she gains and exercises ruthlessly. Her ambitions are fulfilled with the help of a good-luck talis-man, the ancient ruby that inspires the novel's title. Along her crooked road to wealth and fame, Leila acquires and divorces four husbands, at

least one of whom, a Chinese-Alba-

Leila's aphrodisiac is power.

nian spymaster, she probably loves, Before succeeding in the fast-food game, she becomes an American counterspy, a Washington lawyer and lobbyist, and a film and record-

ing star. Her theatrical name, which becomes better known than Madonna's, is Meine Edelfrau. Condon stops the action now

and again to ridicule real people and imaginary organizations. Sena-tor Joseph R. McCarthy is described as a man "who had given up his life mostly to booze" while Federal Bureau of Investigation, J. Edgar Hoover, is nailed for maintaining that "there is no such thing as the Malia."

With outrageous humor, the author mocks the power brokers be-hind the Manchurian candidates who dominate everything from Hol-lywood to Washington. Should we laugh at his puns and inside jokes, or shudder at the people who rule his American rookery? In "The Venerable Bead," Condon has the singular ability to make readers do both.

The hero of John Blades's first affairs seem as significant to the plot novel is Scott Ryan, devoted father as trying to trap or, if necessary, gun and semidevoted husband, who has bought an old house in the suburbs to accommodate his growing family. In an easygoing style, Blades delivers a well-developed portrait of the suburbanite as handyman. debtor, commuter and casual rake. One of the protagonist's main problems is that a second family a growing number of squirrels nest-

ing in the walls and attic - occu-In the view of this exurbanite suddealy turned gamekeeper, the squirrels seem oversexed; as a matter of portunities arise to escape his routine existence. He engages in passing relationships with his secretary, a baby sitter and a jogging mate, though not, traditionalist that he is,

down the pesky squirrels.
Furry animals play another part
in Ryan's life. His occupation is
market research, which enables the

author to take whacks at advertising as a way of life. Ryan devotes his imagination to selling a new product called Fur Real It's a blend of genuine and synthetic fur that is supposed to revolutionize the market in bou-

iques, shopping malls and upscale discount stores. Although "A Small Game" fades debut for an author who can tell the difference between Fur Real and

Herbert Mitgang is on the staff of

Forrester.

By Alan Truscott WHEN the Reisinger Board-a-Match teams ended Sunday night, concluding the Fall Nationals in Orlando, Florida, there were two winners from Brazil. Gabriel Chagas and Marcelo Branco, and one runner-up from England, Tony

One of Forrester's teammates, Eddie Kantar of Santa Monica, California, brought home a delicate part-score on the diagramed deal rom the semi-finals.

He held the South cards and landed in three spades after the opponents had come to rest in three bs and his partner has made a balancing double. The opening club lead was won

by dummy's ace and a heart was led

to the queen. West took the ace and

able to ruff a club, return to the heart ten and ruff dummy's last South cashed the ace and king of trumps and led a third round. This had two desirable results: The suit

BRIDGE

South needed entries to the dum-

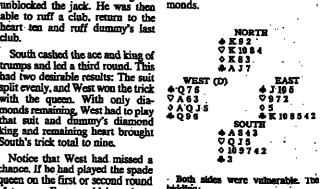
my, so he won with the king and

split evenly, and West won the trick with the queen. With only dia-monds remaining, West had to play that suit and dummy's diamond king and remaining heart brought South's trick total to nine. Notice that West had missed a

chance. If he had played the spade queen on the first or second round of trumps. East would have been able to win the third round and defeat the contract by leading one of his club winners. The dummy would have been able to ruff and

cash a heart, but West would have taken the last two tricks in dia-

monds.



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